D 8523A

No.30,921

Tuesday August 15 1989

World News

Soviet south flares up in new ethnic violence

Soviet Interior Ministry officials hurried to Stepanak-ert, capital of Nagorno-Karareported in ethnic violence hile 150,000 Azerbaijani workers demonstrated in Baku for the territory to be kept in their

Martial law move China may lift martial law in Peking and claim an end to the purge against democracy protesters before the 40th anni-versary of the founding of the Peoples Republic in October.

Khamenei lashes US Ayatollah Khamenei, Iran's new revolutionary leader, ruled out negotiations with the US over hostages in a strong attack that contrasted with the recent conciliatory tone of President Rafsanjani.

Soviets rebuff Bush

A Soviet spokesman rebuffed a call by President Bush for the Kremlin to use its influ-ence to dismantle the Berlin Wall, saying a united Berlin was a thing of the past.

Refugee conditions Hong Kong rejected UN criticism that some of the 50,000 Vietnamese boat people in the territory are living in condi-tions not fit for dogs. Page 4

Italy mulls sales The Italian Government is studying whether to privatise some state held holdings in banks, property and companies to help combat runaway public sector debt which officials say

will reach \$928bn next year.

Burma schools open schools closed since the height of a national uprising for democracy last year.

Cuba withdraws

About 400 pieces of heavy weaponry ranging from tanks to missile-launchers left Angela for Havana as part of the Cuhan withdrawal of 50,000 troops agreed with South Africa last year.

Killing Fields shows The Academy Award-winning film The Killing Fields pre-micred in Cambodia as part

of the Vietnam-backed Government's efforts to highlight the dangers of a Khmer Rouge

Wallenberg mystery The Soviet Government appears ready to solve the mys-tery surrounding Raoul Wallenberg, the Swedish diplomat who saved thousands of Hungarian Jews from the Nazis and then disappeared when Soviet troops freed Budapest in 1945. Page 2

Sri Lanka violence Three Buddhist monks, three police officers and a doctor were among 60 people killed in violence in Sri Lanka in the

past three days. Page 4 Star goes to Prague Former child movie star Shir-Prague to become the new US ambassador to Czechoslovakia.

Mystery sub snared Norweigian officials are trying to identify a submarine caught in a trawler's nets off the Arctic coast and was cut free with-

Business Summary **Hanson sells**

large stake in Gold Fields **South Africa**

Hanson, UK conglomerate, sold the bulk of Consolidated Gold Fields' stake in Gold Fields of South Africa for £368m (\$589m) a week after it wor control of the group for £3.5bn

(\$5.6m).
It is the biggest single divestment by an international group from South Africa but Hanson is left with an 8 per cent shareholding in the company. Story and results Page 17

COPPER: prices rose sharply on the London Metal Exchange with grade A material rising

Cash metal Grade 'A' £ per tonne 1400

1969 - Aug £67.50 a tonne to £1,726.50 for metal for immediate delivery. Commodities Page:26

Apr

KOHLBERG Kravis Roberts, leading US leveraged buyout firm, admitted one of its inves ments, Seaman Furniture, had run into trouble and would have to be restructured almost certainly involving losses for subordinated bondholders. Page 19

DREXEL Burnham Lambert, US securities house which pleaded guilty to six felonies in a settlement with the SEC over securities fraud charges, has paid \$975,000 in fines to . 10 US and Canadian states to head off further investigations into its activities. Page 19

ROTHTHMANS Holdings, half-owned Australian tobacco offshoot of UK's Rothmans profit 45.7 per cent to A\$104.1m (\$79m) in the year to June 30.

ELDERS IXL, Australian brewing, agribusiness and finance multinational, released a report it commissioned saying the A\$3 per share offer by Har-lin Holdings, controlled by John Elliott the Elders chairman, is unreasonable. Page

AUSTRALIAN Frigates: A Mel-bourne-based consortium including Blohm and Voss, West German naval ship-builder, won the lucrative A\$5bn (\$3.85bn) contract to build up to 12 light patrol frig-ates for the Australian and New Zealand navies. Page 6 SUNTORY, Japanese drinks group, maintained more than six per cent growth in whisky sales this year despite remova of taxes in Japan which dis-criminated against imported

spirits. Page 18 ISS. Danish-based office cleaning and maintenance group, increased first-half sales by 44 per cent to DKr4.65bn (\$28m) and profits after depre-ciation by 59 per cent to

DKr153.9m. Page 19 KNP, Dutch paper group, said net income rose 25 per cent in the first half of 1989 to Fi 163m (\$74.4m) from Fi 130.7m a year earlier. Page 19

DEVELOPMENT Bank of Singapore, the island's main state controlled banking group, boosted net profits for the first half of 1989 by nearly a third to S\$112.9m (\$57.9m) from

K MART, US retail group, said net income after group sales in the second quarter fell to \$145m or 72 cents a share from \$162.8m or 81 cents on sales of \$7bn, compared with \$6.68bn last year. Page 19

STOCK INDICES

New York lunchtime

Dow Jones Ind. Av.

2,693.66 (+9.67)

345.28 (344.74)

2,325.9 (-28.3)

152.52 (Fri)

World:

S&P Comp

P. W. Botha resigns after bitter row with ministers

By Patti Waldmelr in Johannesburg

MR P. W. BOTHA last night announced his surprise resig nation as South African State President in a bitterly emo-tional address on television.

He refused to appoint a suc-cessor but it was later

announced that Mr F. W. de Klerk would be appointed by the cabinet as acting president today.

Mr Botha said the behaviour

choice but to resign.
"It is evident that after all these years of my best efforts for the National Party and for the Government of this country, as well as the security of our country, I am being ignored by ministers serving in my cabinet," he said in a nationally televised address delivered in Afrikaans.

The Cabinet had earlier mot

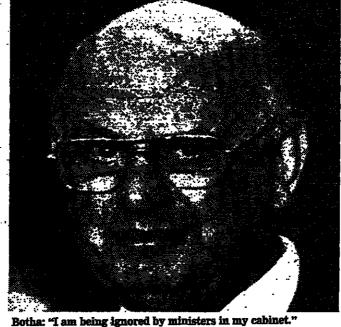
The Cabinet had earlier met in an attempt to resolve a lead-ership dispute between Mr Botha and his likely successor, Mr F. W. de Klerk. Ministers had pressed the President to resign, suggesting that he should use ill health to explain his resignation. "To this I replied I am not prepared to leave on a lie," Mr Botha said in his speech. "I have consequently decided

to submit my resignation to the Chief Justice today with effect August 15." Mr Botha added that he would not move out of his official residence, Westbrooke, and would appoint no successor

before South Africa's sched-

uled September 6 general elec-

Under certain circumstances the South African cabinet may appoint an acting president to replace a serving president who is unable to carry out his duties. However, in the case of



a resignation, the 1984 constitution stipulates that a replace-ment must be elected by an 88-member electoral college convened by the Chief Justice. The Cabinet's authority to appoint an acting president under the current circumstances remained in doubt last night.
The crisis provoked by Mr

Botha could seriously jeopardise the electoral prospects of the ruling National Party in September 6 general elections. The September 6 poll was already expected to be the closest in 40 years of National Party rule, with analysts suggesting the outside possibility of a hung parliament.

Yesterday's evidence of confusion and division within the ruling group must increase the likelihood that no party will emerge from the elections with an overall majority.

Mr Botha apparently agreed to concede defeat to Mr de

Klerk after a three hour emergency cabinet session in Cape Town yesterday. The meeting was called by Mr Botha to resolve a public row over the National Party leader's planned meeting with Zambian President Kenneth Kaunda later this month.

In a rambling preface to his resignation announcement last night, President Botha deliv-ered an extended explanation

of his objection to the visit. He said the African National Congress, which has its headquargress, which has its headquar-ters in Zambia, was "enjoying the protection of President Kaunda and planning insur-gency activities against South Africa from Lusaka."

"In view of the general elec-tion of 6 September 1989, and the deliberate attempts at disruption, I am of the opinion that it is inopportune to meet with President Kaunda at this

Mr de Klerk spent last week-end rallying support within the cabinet for his decision to meet President Kaunda, and the strength of ministerial opposition to Mr Botha appears to have convinced him that resignation was his only option.

President Botha, who was appointed National Party leader and Prime Minister in 1978 and Executive State President in 1984, was due to step down after the September 6 ection in any case. As leader of the party which

is likely to gain the most votes in that election, Mr de Klerk is almost certain to succeed him. Tensions between the two men have been evident since Mr de Klerk was elected to succeed President Botha as National Party leader six months ago.

With inceasing frequency, the outgoing president has demonstrated his resentment and anger at the party which he had served for 50 years, and which he led until forced to step down following a stroke. His autocratic style has made enemies of many former sup-porters, never more so than in the run-up to the crucial Sep-Continued on Page 16 Background, Page 4; Editoria comment, Page 14

Syrians mass tanks on new Lebanon front

By Lara Mariowe in Damascus

FIGHTING between Lebanese Christian forces under the command of Major-General Michel Aoun and Syrian troops spread to a new front at the Lebanese mountain village of Douar-Choueir yesterday where the Syrians were reported to be massing troops and T-62 tanks. Tank and mortar fire were

exchanged across the town in the Metn Hills through the late morning and early afternoon. The conflict at Douar-Choueir increased fears that, after failing to take the Chris-tian stronghold at Souk al-Gharb on Sunday, the Syrians and their Lebanese Moslem allies would attempt further ground incursions into Christian-held territory. This would mark another step towards a full showdown between Syria, which has up to 40,000 troops in Lebanon, and Gen Aoun, who has been pressing for their withdrawal since last

March. Yesterday's fighting coincided with intensified French diplomacy aimed at securing a ceasefire. Mr Roland Dumas, the French Foreign Minister, contacted Mr Javier Perez de Cuellar, UN Secretary-General, several times by telephone. Other senior French diplomats held talks on the crisis in Saudi Arabia and at the Vatican and were due to fly to

Apart from exploring the possibility of a UN role, France's aim appears to be to reactivate failed Arab League mediation efforts in Lebanon and to persuade the Soviets to

out pressure on Syria to exercise restraint Sunday's battle marked the first violent attempt by Syrian forces to enter the Christian enclave in 14 years of civil war although despite evidence to the contrary, the Syrians con-tinue to deny that they participated in the battle. Souk al-Gharb is about 11 miles to the south-west of Douar-Choueir. For five months until Sunday, the conflict between the Syri-

ans, their allies and Gen Aoun had been limited to exchanges of artillery fire. Elsewhere in Lebanon, intermittent shelling of civilian areas continued in Beirut, bringing total casualties since the conflict began in March to more than 700 people killed and nearly 2,000 wounded. Syrian and Dates artillary mark ian and Druze artillery gunners yesterday concentrated their fire-power on the Christian positions which they failed to take at Souk el-Gharb

on Sunday.
The Voice of Lebanon Christian radio station reported that Gen Aoun had appealed to President Saddam Hussein of Iraq and Mr Yassir Arafat, the Palestine Liberation Organisation leader, for assistance.

Douar-Choueir, a largely de-populated Christian village, is divided by the front line between Christian and Syrian forces. It sits at a junction of two roads leading alternately to the Christian mountain towns of Brummana and Bifkaya, the home of the promi-nent Maronite Gemayel family. Hostage talks ruled out, Page 4; Editorial comment, Page 14.

Noranda, Trelleborg bid for Falconbridge

By David Owen in Toronto and Robert Taylor in Stockholm

NORANDA, Canada's largest natural-resources group, yesterday raised the stakes in the tussle for Toronto-based Fal-conbridge by teaming up with Sweden's Trelleborg to launch a C\$2.2bn (US\$1.8bn) bid for the diversified mining com-

pany.

The C\$37 a share offer for the 68.8 per cent of Falcon-bridge that the bidders do not already own outstrips by C\$% a share last week's unexpected bid by US-based Amax.

Before the Amax offer. Falconbridge had seemed to be slipping inexorably into Noranda's grasp via the gradual accumulation of a majority of the company's stock on the open market. The Connecticut-based natu-

ral resources group was yester-day weighing its options in the wake of the joint Canadian-Swedish counterbid. Domestic investors were bet-

ting that a full-fledged bidding Continued on Page 16

POLAND's political crisis would be forced to resign form a government with the vertex parties, who yesterday deepened after Gen Czeslaw Kiszczak, the Prime government. Under Mr Mik- on August 2, after he was remained subservient to the elected Prime Minister. Soli-darity, which humiliated the Minister, announced he could hail Gorbachev, the Soviet leader, the role of both Prime Minister and government have ruling Polish United Workers'

Polish PM fails to form government

By Judy Dempsey in London

minister, announced he could not form a government and was handing the task over to the minority Peasants' Party. The decision, which follows days of protracted negotiations between General Kisz-czak and the two minority par-ties, the Peasants and the

Democrats, is likely to lead to the General's resignation. In such an event, this would be the first time in post-war politics in Eastern Europe that a Communist Prime Minister

THE next chairman of the

Securities and Exchange Commission, the US financial regulatory organisation, is expected to be Mr Richard Breeden, a

senior White House aide to President George Bush. Administration officials yes-

terday confirmed the Presi-

dent's choice and the formal

nomination is expected.

Mr Breeden, 39, the frontrunner for the post, will succeed
Mr David Ruder, who has been chairman for the past two

years. Mr Ruder announced in May that he would be resign-ing to return to Northwestern University Law School in Chi-cago. His decision came after it

became clear that the Bush

been given much greater powers in efforts to reduce communist influence, particularly over control of the economy. However, in Poland, it

seems that the pace of political reform has been too rapid, if not ill-thought out, to facilitate a gradual transference of power from the ruling commu-nist party to the government. Gen Kiszczak offered to

White House aide expected to

at an international disadvan-

tage.
Mr Breeden takes the SEC

helm at a time of dynamic change in the field of regula-tion where the focus has

together to formulate common standards across country barri-

become next SEC chairman

domestic, arena.

By Peter Riddell in Washington and Janet Bush in New York

Party (Communist Party) in recent elections, did not back Gen Kiszczak's candidature. In addition to this lack of support, Solidarity also

rejected any offer to form a coalition with the communists, preferring instead to remain a vocal and strong opposition.

In effect, this left the Prime

Minister with the choice of forming a government with

stastic supporter of these

efforts and work in this area is

expected to be continued under

But in a surprise develop-

ment last week, the Peasants offered to talk to Solidarity weekend, with apparently lit-tle agreement over the structure of the government.

By throwing the ball into the Peasants' court, the Communist Party has now held out the real prospect of a non-communist coalition government.

Summer at the

Hotel Piccadilly

ROOM FOR THE MORE DISCERNING

Discerning business travellers choose Hotel Piccadilly Manchester for its combination of comfort, excellent facilities (including free parking) and friendly service. From 17th July to 8th September 1989 this discernment will pay even greater dividends when Hotel Piccadilly offers a special summer rate of £48.50 per night for an executive single room, a reduction of over £30 from the normal rate. Executive rooms come complete with a welcome tray of complimentary fresh fruit and

drinks. The benefits even extend to the restaurant where Hotel Piccadilly will be running a programme of excellent wine (sampling in August and September. Choose Hotel Piccadilly for your business stay in Manchester this summer. Tel: 061 236 8414 for reservations.



HOTEL PICCADILLY

the heart of Manchester

EmbassyHotels

Administration was seeking a

CONTENTS

The White House has been looking for a chairman who, while backing tough enforcement to fight abuses, will take a broadly free market view of the post, supporting a minimal regulatory framework which does not inhibit takeovers or put US companies and markets

increase the swapping of information to keep track of cross-border dealings.

for nations to harmonise their regulatory approaches and to

Next month, the Montreal-based International Organisation of Securities Commissions, of which the SEC is a member,

will hold its annual meeting in Venice and discuss the need he knows well. Mr Breeden worked as an adviser to Mr Bush in the mid-1980s.

Various regulatory changes have already been reviewed by the SEC this year and some are still out for public comment. shifted markedly to the inter-national, rather than purely The general thrust of many of It has already been an the proposed rule changes is to ease red tape on cross-border dealings and to free access to extremely busy summer for Mr Ruder. The SEC reviews numerous regulations in light of the increasing globalisation of financial markets and of the growing consensus that inter-national regulators must work

the new chairman.

US securities market by foreign companies and financial Mr Breeden, a lawyer with banking experience, has been the President's assistant for ssues analysis since January. He has won high marks both within the administration and

legislation rescuing the savings and loan industry. His selection reflects the preference of Mr Bush for fill-ing key positions with officials

Mr Ruder has been an enthu-

Observer, Page 14 W Germany: Cloud over Siemens East bloc

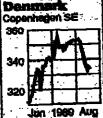
route to beat the competition ... Technology: High-tech "ploughshares"11 Arter True son of Scotland takes his rightful Editorial comments Graceless resignation in

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out identifying itself. MARKETS



INTEREST RATES

New York k \$1.5825 (1.5825) London: \$1,5840 (1.5855) DMS.0700 (3.0725) FFr10.3700 (10.3850) Y224.25 (225.00) DOLLAR New York lunchti DM1.9405 (1.9390) FF:18.5545 (6.5530)

STERLING .

Tokyo Nikkel Ave 34,671.62 (-41.34)

1.958.1 (-26.6) London New York (atest \$18.475 (-0.05)

Close 1332% (same) \$373.3 (371.4) Brent 15-day (Argus).

Commerzbank

Thallands Uncle Chat triumphs over the sceptics ... Gen Chatichai Choon-

havan celebrated his the prospect of likely. Page 4

Agriculture ,

first anniversary as prime minister with another year of double-digit growth appearing increasingly

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EUROPEAN NEWS

Bonn ministry echoes UK attack on Delors

By David Goodhart in Bonn

THE West German Economics Ministry has added its voice to the complaints against the Delors Report on European Economic and Monetary Union by concluding in a 12-page critique that the European Commission is attempting to interfere too much in the affairs of

member states.
According to the Economic
Ministry, the most important failing of the report is the insistence on the harmonisation of national budget and deficit plans during the transitional phase to full union. This is seen as both unnecessary and an unacceptable infringement of national sovereignty. Instead of such harmonisa tion, the Economics Ministry advocates closer co-operation and consultation on fiscal policies between member states. It does not believe that new institutions have to be established

for the task It also insists that the principle of competition should stand at the centre of co-ordination attempts and that regional and industrial policies should not be allowed to interfere with

"It is crucial to make compe-tition the decisive decentral-

ised instrument of guidance even in those sectors which continue to be highly regulated like farming, energy, insurance and banking," says the minis-

Much of this criticism echoes the British Government, which has been leading the attack on

has been leading the attack on the Delors Report.

The Bundesbank, the West German central bank, is proba-bly even more critical, but the Bonn Foreign Ministry takes a much more enthusiastic view of the Delors proposals.

Meanwhile, in a separate development, the Economics

development, the Economics Ministry yesterday published another optimistic monthly report on the economy with some reservations. It does, for instance, see some problems looming in the labour market. Also, for the first time in many vears there is a shortage of applicants for industrial train-ing places and skill shortages are becoming a problem in

some sectors.

In June, for example, the booming building sector reported that 11 per cent of companies were handicapped by skill shortages and that 100,000 skilled workers were lacking.

Italian ministers ponder privatisation

By Alan Friedman in Milan

THE ITALIAN Government is to reduce the cost of debt servistudying whether to privatise a limited number of state assets as a way of helping to combat the country's runaway public

No decisions are expected before September, but the Treasury, Budget and Finance ministers are trying to assess the potential market value of a range of state holdings including banks, property and and

Until now no Italian Government has had any co-ordinated policy on privatisation, which is considered a dirty word by many Rome politicians. The urgent need to take action to stem the country's annual budget deficit and cumulative debt stock is, however, beginning to focus attention on possible

Government projections suggest that the total outstanding public debt stock will reach \$928bn (£580bn) next year, exceeding forecast gross domestic product. The annual public sector deficit for next year could approach \$100bn.

Aside from possible privati-sation sales the main instrument for attacking the deficit problem includes cuts in public sector spending and an attempt to lower interest rates in order

No holiday for museums

BREAKING A revered Italian custom, the country's Culture Minister, Mr Ferdinando Facchiano, has ordered state-run museums to remain open today, a national holiday, AP reports from Rome. However, the Uffizi Gallery in Florence, one of Italy's most famous museums, may be closed. Its employees yesterday threatened to strike until

tomorrow, saying the work order violated an agreement on opening hours on holidays. In past years tourists have had to put up with almost everything in Italy being shut down on the national holiday, called Ferragosto. Mr Facchiano said the museums should stay open so that for-eign tourists and others could

enjoy Italy's art.

cing.
The prospect of any wide ranging privatisation remains slim, for the moment, however. Especially controversial would be the wholesale sell-off of big public sector banks to private sector industrial groups.

Although many prominent Italian industrialists have expressed a desire to buy into the state banks, the Bank of Italy has been insisting that industry should not be allowed to take majority control of them because of a potential

conflict of interest.

Anti-trust legislation approved earlier this year by the Senate would restrict industrial companies to owning no more than 20 per cent stake of any bank. But Mr Guido Carli, the new Treasury Minister and a former presi-dent of Confindustria, the industrialists' association, voted against the measure. It remains to be seen, therefore how he will act now that he is

in charge of the Treasury.
Opponents of the Carli line, including members of his own Christian Democratic party, have suggested the sale of minority shareholdings in state banks on the Milan Stock

projection for 1989 which was made a year ago. The Government can take

The employment figures are also viewed as fuelling the arguments of those seeking an

Strike raises prospect of fresh unrest in Azerbaijan

By James Blitz in Moscow

THE Soviet authorities are steeling themselves for another bout of unrest in the south of the country after 150,000 workers went on strike yesterday in Baku, the capital of the Azer-

baijani republic. According to Mr Nazim Ragimov, a local journalist, 44 enterprises (roughly half the number in the city) were brought to a standstill, including those supplying oil mining equipment to the country's main oilfields. The workers are demanding principally that the

lic's Popular Front movement, which wants greater autonomy for Azerbaijan from Moscow. Workers at the main enter-

prises were meeting last night to decide whether to continue the strike today. They say they will hold a general strike in the republic on September 1 if their demands are not met. The Popular Front, which organised a demonstration by 80,000 people in Baku on Saturday, is also demanding the recall of Azerbaijani deputies

authorities legalise the repub- from the Soviet parliament, where they say local interests are not being represented fully, and an end to military rule over the province to stop ethnic violence

They also want greater assurances of control over the largely-Armenian populated region of Nagorno-Karabakh and the release of people recently arrested in demonstrations there. More deaths were reported in ethnic violence in Nagorno-Karabakh and leading officials of the Soviet Interior

Ministry rushed to Stepanak-ert, capital of the enclave, and were taking new measures to stop clashes there. Tass news agency said without giving

According to other reports. railway workers in the capital have gone on strike for differ-ent reasons. They are demanding that the authorities take measures to ensure their safety after several recent attempts to shoot Azeri passengers travel-ling on the Baku-to-Yerevan railroad.

Meanwhile, a strike by Russian workers in Estonia continned yesterday for a sixth day. In Tallian, the Estonian cani-tal strike leaders said that more than 20,000 Russian

workers stayed away from work to protest against a new law which tightens residency requirements for voters and The Estonian law, which was in fact declared unconstitu-tional by the Soviet Minister of Justice, limits voting to resi-dents who have lived in the

same district for two years, or anywhere else in the Baltic republic for five years. Candidates standing for election must have fived in the same place for five years, or in Estonia for 10 years. The Soviet parliament yes-

terday sent a special commis-sion to Estonia to try to defuse the row. The Estonian news agency ETA said the commis-sion, which includes four Estonian deputies, would arrive in Tallian today. It did not say when it had been set up.

Bonn shuts Budapest

WEST GERMANY yesterday shut its Budapest embassy which is beseiged by East Gerwhich it beseiged by East Germans trying to get to the West. More than 186 East Germans are inside the building and many more are outside. A total of 300 or so are seeking to escape through Bonn's embassies in the Hungarian capital, East Berlin and Prague.

Mr Jürgen Sudhoff, Bonn's Foreign Office State Secretary, yesterday held talks in Buda-pest with Mr Gyula Horn, Hungary's Foreign Minister, in an attempt to find a way out of the dismure But he way out of the dilemma. But he warned afterwards against "false

hopes."

He said they were seeking a "humanitarian solution" to the problem and noted that the closure was temporary and that West German embassies would continue to give help to whoever sought it. Hungarian officials suggested that Buda-pest's adoption next month of the United Nations Refugee Agreement could help break the deadlock. This would allow Hungary to reject people seek-ing refuge who do not face political persecution at home
— as is believed to be the case of most East Germans seeking

of most East Germans seeking
to escape via Hungary.

The West German Government, however, is unlikely to
agree to this interpretation.

In East Berlin, the East German lawyer Mr Wolfgang
Vogel continued his contacts with some of the 115 people still in the grounds of the West German Permanent Mission. Fifteen left on Sunday and East Germany has promised not to prosecute those who

However, Mr Vogel, who has negotiated for East Germany in hundreds of humanitarian cases, refused to promise that those who left the mission would be given preferential status in emigrating legally to the West. East Germany says that such assurances given in the past led to a rush of citizens fleeing into West German diplomatic-missions.

border fence with Austria triggered off a surge in the num-ber of East Germans successfully escaping to Austria. But some of them were caught by Hungarian border guards and their passports stamped to show they had attempted to

Rather than return to Kast Germany several of these

prices leap

By Tom Burns in Madrid

Spanish

in July

DESPITE A strict credit squeeze introduced last month Spain's Consumer Price Index

Spain's Consumer Price Index jumped by 1.6 per cent in July to bring the accumulated 1989 inflation index up to 4.5 per cent and the year-on-year total to 7.4 per cent.

The figures, released yesterday, reveal that Spain's spending spree shows no signs of ahating: they are a full percentage point up on the June inflation increase and represent the highest month-onsent the highest month-on-month rise for the index this

The news is likely to strengthen the hand of those in the Cabinet, led by the economy team, who are urging Mr Felipe Gonzalez, the Prime Minister, to call an election in

the autumn rather than to wait for next spring.

Those lobbying for a snap election maintain that shock surgical measures embracing heavy government spending cuts and fiscal measures are required to cool the Spanish economy. They argue that Mr Gonzalez should take advantage of favourable opinion polls to gain a decisive man-date before unveiling elector-

ally unpopular policies.

The price rise indicates that the steps taken to reduce Spain's consumer demand have proved ineffectual. The most recent package of mea-sures last month by Mr Carlos Solchaga, the Finance Minis-ter, raised the total amount of money brought out of circula-tion since the begining of the year to nearly \$10bn (£5.9bn). Independent economists believe that a further \$10bn must be removed from the system to tame the spendthrift Spanish consumer, but the Finance Ministry has, by squeezing credit and raising bank reserve requirements. virtually run out of non-fiscal

ammunition. According to the current price trend Mr Solchaga can no longer hope to keep inflation this year to the 6 per cent mark he had sought. This fig-ure was marginally up on the 1988 inflation level and double an original Finance Ministry

comfort from encouraging fig-ures on the labour front. July statistics showed that 293,600 jobs were created in the first seven months of this year and that those seeking employment dropped by 2.28 points to represent 16.78 per cent of the active labour population, the lowest figure for the past five

Politics and pilgrims fit for a Pope

Tom Burns looks at the Spanish divide between church and state

ANTIAGO De Compos-tella, the capital of Gali-cia, has rivalled Rome and Jerusalem as a centre for Christian pilgrimage for more than 1,000 years and it can, without difficulty, lay on a pageant fit for a Pope.

Earlier this year work began

to level a huge area outside the city where Pope John Paul II will hold a big international youth rally on August 19, and church officials have staged intricate liturgical rehearsals for the pontiff's solemn entry into the Cathedral – the reputed shrine of St. James the

The Church, however, has a thinly disguised ulterior motive behind this papal visit to north western Spain. The Spanish bishops hope the pomp surrounding the Pope's presence in Compostella will presence in Compostella will impress the Socialist Government in Madrid and help bridge the divide between church and state.

They also hope the papal visit will send echoes of theo-logical and ecclesiastical orthodoxy reveberating around the Catholic Church. The bishops are particularly anxious to undermine the irritating groups of progressive church-men whose views are anathema to Rome's religious con-

John Paul II's visit is seen as timely because the bishops are increasingly worried by the gradual loosening of their grip

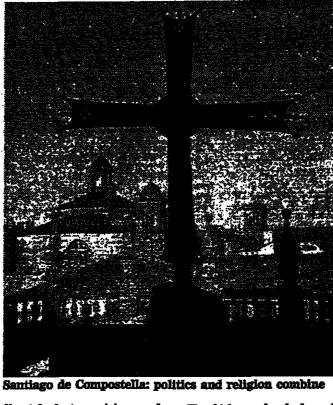
on society.
In 1976, the year after the death of the long-reigning dica-tator, General Franco, some 12 per cent of Spaniards declared themselves non-practising wor-shippers and 10 years later an opinion poll showed that this figure had swollen to 30.9 per

The Spanish Episcopal Conference, the governing body of the domestic bishops, claims that the "secularisation of society" is the chief concern of the Church.

The secularisation of Spain which bishops fear includes a divorce law and an abortion law; Government meddling in religious education; and, most recently, a debate over the church's finances.

It is of little comfort to the bishops that the dwindling number of committed Cathonumber of committee Catho-lics in Spain are sharply divided between those who fall into the orbit of charismatic conservative communities such as Opus Dei and those

exist solution, is the financial one. Bishops and government officials are reviewing an experiment last year in which the church was bankrolled by a religious tax rather than the



direct budget provision used since the Franco days. The levy was not, in fact, an additional fiscal burden as it required taxpayers merely to cross off a box on their income tax forms to indicate that they wanted 0.52 per cent of the total sum paid to be allocated to the Catholic Church.

In the event, only some 40 per cent of taxpayers crossed the appropriate box and the revenues allocated to the church amounted to some Pta 7bn (\$59m) - less than half the previous year's budget under the direct budget provi-sion. Under the guidelines of the experiment the state will make up the shortfall.

Earlier this year Mr Alfonso Guerra, the deputy Prime Min-ister, gave the bishops short shrift when they complained about the unilateral way in which the Government had set the 0.52 percentage.
"If they (the bishops) don't

like the financing," Mr Guerra said, "let them renounce it." The hishops had good reason to suspect that the Socialist Government had deliberately sought to embarrass the Church by setting such a low quota for the religious tax allo-cation. Almost every taxpayer such as Opus Dei and those who support controversial left-wing platforms that espouse Liberation Theology.

The most clearly identified problem, and the one with the easiest solution, is the financial one. Bishops and government set the 0.52 per cent allocation despite receiving surveys commissioned by the bishops which indicated, with considerable accuracy.

The hishops also had good reason to argue that the state could not just wash its hands of the Church finance issue. Apart from the Church's costly upkeep of a giant slice of Spain's artistic heritage, the 40,000-odd parish priests and members of religious orders in Spain plug glaring gaps in the country's deficient social services through their work in schools, prisons, hospitals and

homes for the aged.

A parish priest receives a monthly stipend of Pta 45,000, which is half the official minimum wage. Fuelled by the euphoria surrounding the papal visit, the bishops are confident that the current review of the financial experiment will recommend that the tax form percentage be doubled to cover the church's budge-tory requirements from income

Father Joaqin Ortega, spokesman for the 72-member Episcopal Conference, says there is a definite will on both sides of the church-state divide to "avoid divergences degenerating into conflicts." In almost the same breath, however, he says Socialism and the Catholic church represent "pro-foundly divergent philoso-phies" and he accuses the Government of "accelerating the secularisation of society" through its educational poli-

The problem here concerns a blueprint for an educational overhaul that raises the school leaving age to 16 and creates a new division between primary and secondary schooling. The Episcopal Conference fears that religious instruction will be penalised under the new programme.
The Education ministry's position is that Spain is no longer a confessional state under the terms of the post-Franco

democratic Constitution.

The bishops contend that although only a third of Spanalthough only a fund of Span-iards regularly go to mass, close on 90 per cent, according to independent surveys, want their children to recieve Catho-lic instruction and that the demand for places in church schools, which are subsidised by the State, is far higher than those for non-religious State schools. Whatever the Constitution

might say, Spain, according to Fr Ortega, has "a confessional tradition" and the Government should not run counter to it. The bishops expect the Pope's highly profiled visit to Compos-tella to drive the message

Achieving consensus with the Socialist Government is one pressing task for the Span-ish hishops but the battle being waged to put their own domes-tic house in order is also a

major priority.

The progressive Spanish Catholics claim a purge is being conducted against them by Cardinal Angel Suquia, the archbishop of Madrid-Alcala and the chairman of the Episcopel Conference and by Money copal Conference, and by Mon-signor Mario Tagliaferri, the

signor Mario Tagitaferri, the papal nuncio.

One casualty of the alleged witch-hunt is Fr Perdo Miguel Lamet, a Jesuit journalist who two years ago was dismissed from his job as editor of Vida Nueva, an infinential Catholic weekly, because of his sympathetic treatment of issues such thetic treatment of issues such as married clergy, women priests and Liberation Theol-

Fr. Lamet claims reform-minded theologians have been suspended from teaching and he alleges that Opus Dei and Communion and Liberation, the two organisations that are strongly identified with John Paul's papacy, have an undue influence over seminarians — student priests. The Spanish progressives,

who group themselves in an association named after the reformist Pope John XXIII, are certainly active. Within, a month of the Compostella celebrations they will be holding their annual convention in Madrid. Fr Lamet nevertheless feels

that "right now there is very little people like us can do". The progressives are on the retreat in Spain and his own Jesuit order, long the champi-ons of reformism, "is mostly lying low". John Paul's pres-ence in Compostella will, he believes, strengthen the hand

embassy to refugees By Leslie Colift in Berlin

Hungary's dismantling in May of the first section of its

would be escapees sought ref-uge in the West German embassy in Budapest.

Ceausescu rejects idea of reform

PEOPLE in Romania are free to express their political views but ideas of capitalist reform would never be accepted. President Nicolae Ceausescu told Newsweek magazine in an interview, Reuter reports from New York. President Ceausescu denied

short of food or becoming an economic basket case and said. his government had decided to develop rural communes. We do not accept - and will never accept - ideas con-

cerning a return to capitalism," the Romanian leader said in the interview, published yes-The president, 71, said he was concerned about social changes made in other Eastern bloc nations. "We are worried by certain measures taken in some countries that actually

mean renunciation of the principles of socialism," he said. Although Romanians queue for hours to buy basic foods, and electricity is often available for only a few hours a day, the ageing leader insisted that

the economy was healthy. "We don't have empty shelves. We have lots of stock

in our shops," he said. The president said six prominent politicians who wrote him a letter earlier this year accusing him of destroying the economy and terrorising the people

Turkish state gives some ground in face of spreading jail hunger strike

By Jim Bodgener in Diyarbakir

CROWDED INTO the small, dingy, offices of the Turkish Socialist Party in the southeastern city of Diyar-bakir on Saturday were 71 people on the eighth day of a fast in solidarity with prison hunger strikes across Turkey. Bouquets from sympathisers brightened the top of the stairwell outside in the run-down dusty

Far away in a jail in the Aegean town of Aydin, two prisoners had died and two more lay in a coma on the 44th day of a hunger strike by about 280 prisoners against the puni-tive conditions in which they are

The deaths occurred last Wednesday when the Justice Ministry activists and sympathisers, they suc-cumbed to beatings in their weak-

The hunger strikers were moved to enable the Eskisehir prison to be reconstructed following the discovery of two escape tunnels, say the authorities. But the Ankara-based Human Rights Association claim the move was the pretext to break the strike, started in protest against the punitive regime imposed following

discovery of the tunnels. The punitive measures, such as restrictions on dress, visitors, recreation and movement, were instituted under tightened regulations introduced by the Justice Ministry a year

criticism, especially from Europe. At the weekend, around 2,000 prisers across Turkey went on hunger strike in support of the fast at Aydin. Some 500 families joined them on the outside as did friends

Their action appeared to bring results on Sunday when Mr Oltan Sungurlu, the Justice Minister, announced that "physical punishments with disciplinary purpose such as chaining of prisoners, solitary confinement in dark cells and bread and metal times." bread-and-water diets" were being

He told the semi-official Anatolian News Agency: "We have changed the prison regulations to bring the measures in conformity with West-ern prison standards and the revi-sions are almost ready for formal rights organisations like Amnesty International and Helsinki Watch for systematic torture and maltreatment of inmates during military rule from 1960-83 and afterwards.

Parked outside in the main thor-oughfare, sprinkled with tourists among the shoeshine stands and sherbert sellers, local journalists singled out a camera surveillance van and a saloon from MIT, the secret police. The fasters said supporters emerging from the arcade had been hustled away for interrogation. An undercurrent of tension ran

through the strolling crowd which included Kurdish refugees from a flyblown camp on the outskirts of

the vicious terrorist campaign waged by the separatist Marxist Kurdish Workers Party (PKK), Attacks by the group have increased dramatically this year, according to the region's Governor, Mr Hayri Kozakciogiu. He said yesterday that in the critical Cudi mountains they had risen by more than 200 per cant in the first six months compared with the same period of 1988. period of 1988.

His statistics followed a spate of attacks last week, including the audacious rocketing of a military base at Sirnak in the Cudi during a two-hour fire-fight on Saturday night. The security forces are reportedly building up for a sweep through the difficult terrain. Throughout the country so far this

The fast in the Socialist party of offices was particularly symbolic. Didyarbakir prison was repeatedly censured by international human this week is the 10th anniversary of attacks compared with 143 for the wiclous terrorist campaign whole of last year, accompanied by a big increase in deaths. About 800 people have died in PKK attacks in people have died in PKK attacks in the southeast over the past two

> Without being specific, Mr Kozakcloglu blamed countries bordering Turkey for harbouring the terrorists. In the past, Syria has been singled out as the prime culprit. However, relations between the authorities and the predominantly

Kurdish population have deterio-rated this year, according to local people over the weekend.
This alienation has been fuelled by claims of military callousness during interrogations and searches for PKK evidence, and an alleged botched attempt by soldiers last month to burn the bodies of two villagers killed in error.

ago. Then, mass jail breaks by allegedly dangerous extreme left-wing and Kurdish terrorists had followed the relaxation of the prison regime moved the hunger strikers en messe from Eskisehir prison. According to the authorities they died from dehydration; according to human rights and Kurdish terrorists had followed the relaxation of the prison regime in response to internal and external the town. Unknown to the tourists, year there have been 258 PKK Moscow may reveal wartime fate of Swedish hero Wallenberg

By Robert Taylor in Stockholm

THE Soviet government rescue operation, has also Moscow to explain what hap-appears ready to solve the been asked to come to Moscow. Moscow to explain what hapmystery that surrounds the disappearance of Raoul Wal-

lenberg, the young Swedish diplomat who saved the lives of thousands of Hungarian Jews from the Nazis. It has invited to Moscow in October the relatives of the famous Swede, who saved the lives of tens of thousands of Jews when working in the Swedish legation in Hungary.

"We welcome this invitation, which we see as an expression of glasnost," said Mr Ånger in

Stockholm yesterday.
This is the first time since
Wallenberg vanished from
Budapest in 1945 that the Soviet authorities have taken the initiative over the affair, which has troubled the conscience of the West for a long Mr Per Anger, who worked alongside Wallenberg in his has persistently called on

pened to Wallenberg after he was arrested by the Red Army upon its liberation of Budapest.
The official explanation, first given in 1957 by Mr

Andrei Gromyko, the then Soviet Foreign Minister, was that Wallenberg had died of a heart attack in 1947 while in the Lubyanka jall in Moscow. However, this has never been confirmed and the Swedish government has always refused to accept the official

Soviet explanation. Indeed, there have been a number of unsubstantiated reports that Wallenberg was still alive in prison.
From July 9 1944 until his

arrest by the Soviet anthori-ties on January 17 1945 Wal-lenberg rescued as many as 100,000 Hungarian Jews from transportation to death in the gas chambers of Auschwitz in Poland. Hungary's Jewish popula-tion totalled 600,000 before the Second World War. Many of

them had been invited to Hungary during the late 19th century, where they quickly assimilated, learning the Hungarian language and adopting the country's customs.

After the failure of the Bela Kun communist-inspired uprising in 1919 and the rise of the right-wing Horthy regime, Hungary's Jews were subjected to frequent anti-se-mitic attacks including restrictions on entry to universities.

Pressure to deport the Jews

By granting them Swedish passports, Wallenberg arranged to get them out of

orary US citizen:

tion camps.

the country.

A monument in his honour was unveiled in Budapest in 1987 and the United States government made him an hon-

increased in 1944. Thousands

had already been forced into

the large ghetto in Budapest,

from where Wallenberg res-cued Jews before they could be transported to the concentra-

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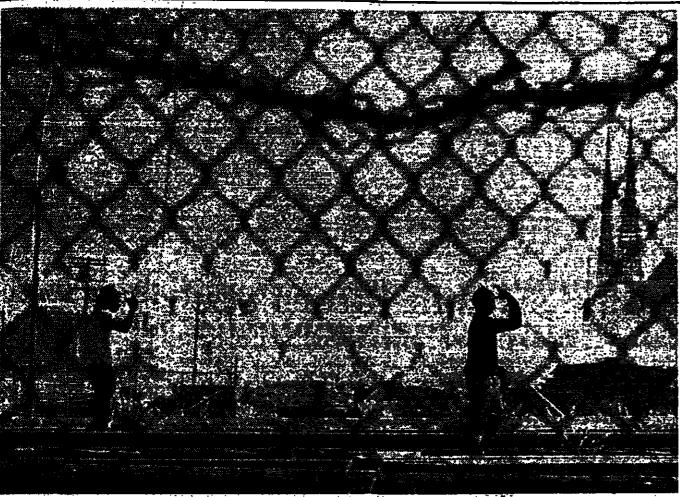
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AMERICAN NEWS



Youths passing the Watts Towers in Los Angeles flash a gang sign. Gangs selling crack — cocaine mixed with water and baking soda — are co-operating to boost sales, the US Drug Enforcement Administration says in its report Crack Cocaine: Overview 1989.

Peace, love and the selling fields

Jamie Buchan visits the Woodstock festival town 20 years on

MILE west of Bethel, a shabby Jewish resort town in upstate New York, a lane called Hurd Road turns off and runs away through fields

and wood-lots to the north.

On the left of it are the silos and red barns of a dairy farm, where Max Yasgur kept the biggest dairy herd in Sullivan County till the old guy died in 1973 and the farm was sub-divided and the widow moved to Florida.

Carrying on, you crest a rise and see the place at last and it is instantly familiar: a patchwork of fields, with the hay already cut, running down towards a wooded hollow, with a small pond just visible through

Al Fimognari, who was 14 when the Woodstock festival began here 20 years ago today, points out things as they were: the big sound stage, the Freak Tent, the medical trailer, the place where the Hog Farmers were, the Filippini Pond where everybody bathed without clothes on. The state police said at the time there were 450,000 people at the concert. "There was nowhere here where there wasn't people," Al says.

Next to Hurd Road, somebody is selling peace head-bands. From makeshift blue tarpaulin tents, the music of 20 years ago comes tinnily from tape players, all mixed up together. Coming to Los Angeles, the Fish Cheer, Jimi Hendrix's Star-Spangled Banner. Anybody who looks old enough is telling tall tales to foreign television crews. "I told Janks: You're going to die if you going on doing that stuff..." - that leer at young women. Lots of people are

Nobody here, or in the newspapers or on television, is sure quite what this gathering of half-a-million people on a wet weekend 20 years ago really meant. Some people say it was just a show of demographic strength by the baby boom, meaningless

> There was nowhere here where there wasn't people'

except as a commercial opportunity. Others say the concert showed much of American youth simply was not prepared to fight the Vietnam war. The war was lost in the fields of Sullivan County.

In America, the past recedes at a rate faster than anywhere else. Twenty years on, the "Woodstock Nation" and its ideals of non-violence and non-competition seem utterly implausible. Genuine empty milk bottles from Yasgur Farms sell for \$25 in local antique shops. The sloping hay-fields might be those of the civil war battlefields of Shiloh or Gettysburg.

Like a battle, the festival was more important to many people than anything later in their lives. Not all were young. Mr

sort of thing. Young people from the sub-urbs step gingerly through the garbage in their shopping-mall pastels. Police officers

Burt Feldman, aged 66, who is town histo-rian of Bethel, says: "Over on Filippini Pond, there was a two-story shed for people to hire out rowboats, run by this old guy - Ben Leon was his name, 92 or 93 he was. I was responsible for making sure the kids put some clothes back on.

"I was coming back along the path, and I heard this terrible cackling noise. It was coming from the top of the boat house: Hee-Hee-HEE-ow, haw-haw-hawEE. He was up there, the old fool, with a pair of great big binoculars, look like they came from the Navy.

"The funny thing was, 10 or so days later, old Ben dropped dead. I spoke to the funeral man and he said, when we tried to fix him up, whatever we did we couldn't get the smile off his face."

Mr Fimognari, who is now 34, is sitting on the hood of his truck, with a Budweiser beer in his hand, drinking it slow. He has the authentic look of the late 1960s: not smug, exactly, but as if he has seen something strange and interesting that he'll tell you about, but only if you ask.

He says: "I'm been coming up here ever since, maybe to play frisbee or just to think. What people today don't know is that it wasn't just music. People were always passing things to me, food or drink or maybe a joint. It made me a better person, I think, though not a richer one.

"Look at these people here, selling things. They could do it again, just as we did it, if they wanted to. But maybe they don't want to."

Darman brings interest rate debate into the open

By Peter Riddell, US Editor, in Washington

THE WARNING at the weekend by Mr Richard Darman, US Budget Director, that the Federal Reserve Board has been too cautious over its interest rate policy, not only made public the simmering private tensions between the Bush administration and the Fed but also indirectly highlighted divisions within the central bank.

Mr Darman's timing and

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wording are significant. His remarks have come a week before a meeting of the Fed's policy-making open markets committee (FOMC).

They were aimed not just at its members as a whole but, more particularly, at the regional bank presidents who have been more concerned about inflationary pressures than recession, and hence reluctant to-approve lower interest rates.

Referring to the need for sensible management, Mr Darman said: "It's important not merely that chairman [of the Fed Mr Alan Greenspan, but that other members of the board and the FOMC, that make the crucial decisions on this, that they be more attentive to the need to avoid tipping this economy into

ecession." In recent weeks, it seemed that differences between the administration and the Fed had been narrowing - the White House said yesterday that President George Bush

believed the Fed was doing "a good job" keeping growth going with low inflation.

After all, the Fed has authorised a series of cuts in interest rates — following several months of administration nudging — and the mid-year forecasts last

month showed signs of a convergence of their views about the US economic outlook.

However, as Mr Michael Boskin, chairman of the economy started to slow more than it has in the first half of this year, the Fed would move to head off a recession. We assume from their public statements that they would do

Mr. Darman was essentially presenting a blunter version of the same message: "Don't be too cautious." He said it was "quite important that the Fed

fundamental to the health of this economy, and that they not become obsessed with concern about things going well for too long."

The balance between president's Council of slowdown and recession is Economic Advisers, made clear very narrow. In practical three weeks ago, while terms, the administration praising the Fed's handling of believes that economic growth interest rates, there are of about 25 per cent next year, differences of emphasis. He and 3 per cent thereafter, is argued then, in typically consistent with a stable diplomatic language: "If the inflation rate; the Fed argues that a slowdown to well below 2 per cent is necessary and

"probably inevitable".

All this may seem to be fine tuning of policy taken to extremes. Even so, as Mr Darman is fully aware, there are hig implications in such small variations for the federal deficit. Not only could the one-point difference between the administration and the Fed over the expected growth rate

الهويان المستخبصة والبي مستهيما يحدد

for next year be equivalent to between \$15bn and \$20bn on the deficit - an even more marked deceleration could add

a further \$10bn. There are recession loopholes in the application of the Gramm-Rudman deficit reduction law, but such additions to the deficit would substantially worsen the administration's existing tax and spending problems with

now.

Congress.

Until administration has generally preferred behind-the-scenes nudges for fear of antagonising the more independent-minded of the regional presidents. Mr Darman's message is clearly aimed in their direction, as much as at Mr Greenspan, and at administration allies such as Mr Manuel Johnson, Fed vice-chairman, and Mr Wayne another

Washington-based governor of

the Fed. Indeed, to some extent, Mr Darman's words may have been aimed at strengthening the hand of the Greenspan

group in the FOMC. But Mr Darman's remarks have also been seen as a calculated political manoeuvre to shift the blame for any recession away from the administration, particularly with a mid-term Congressional

election 15 months away.

He said: "If we do have a recession, I think it will be because they [the Fed] erred on the side of caution."

If the Fed still believes it has

room for manoeuvre-economically, the administration does not politically. As the latest Washington joke goes, this needs not just a soft landing, but a perfect landing.

Peruvian miners start strike on schedule

THE PERUVIAN Miners' Federation began an indefinite, national strike vesterday morning as planned, Reuter reports from Lima.

"Miners have stopped working as of their first shift this morning," Mr Celso Caja-chagua of the 70,000-member union told a Lima radio sta-tion yesterday morning. He had no early word on how widely the strike was being

Mining company executives said they expected light to moderate support for the strike in its first days but that

the impact could spread if the strike went on for weeks. The walk-out affected output at the Toquepala and Cuajone copper mines, though it was unclear by how much, said Southern Peru Copper, the mines' owner, yesterday. Southern's refinery at Ilo

appeared to be working normally, a spokesman said

The miners' demands are much the same as those of last year - wider collective bargaining rights and better wages and benefits.

• Production of copper at

Mexico's Cananea mine, one of the richest in the world, could be stopped by a strike due to start on August 27 if the management does not meet work-ers' demands for a 60 per cent wage rise, Richard Johns

reports from Mexico City. Nafinsa, the state develop-ment bank which owns 99.8 per cent of the parastatal Cananea company, is reported concerned about deadlock in nego-tiations on a new labour contract, which began in May.

The Mexican miners' union is pressing for a wage rise four times the average allowed by the present administration.



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China may lift martial law before October

By Peter Eilingsen in Peking

SPECULATION is mounting Games late next year. that China will lift martial law in Peking and claim an end to the purge against democracy protesters before October 1, the 40th anniversary of the founding of the Peoples' Republic.

Some claim the decision to end the army's near-threemonth occupation of the city has already been taken. Some 200,000 troops moved into Peking after martial law was declared on May 20. Although many have since withdrawn. armed soldiers remain at key

It is believed that a meeting of the ruling Politburo took place either late last week, or at the weekend, and that martial law was discussed. Diplomats suggest the top leader-ship is divided about the timing of any troop withdrawal, and that while authorities have not signalled an end to martial law, pressure for them to do so is building. They point out that the mili-

tary presence has devasted one of China's main sources of foreign exchange, tourism, with the subsequent loss of hard currency creating economic instability.

The Party is eager to re-establish its international cre-dentials by giving the impression of normality, they say. The authorities have used the army to crack down on dissent, executing at least 28 people, and jailing thousands.

Despite the campaign of fear, passive resistance to the Government's tactics has remained, leading observers to think troops would remain in Peking until after the Asian

But with tourism revenue

expected to be halved this

year, and foreign Governments

and business people reluctant to invest in China, some lead-

ers have urged an end to mar-tial law. Also, the party may move to end the purge of "counter-revolutionaries"

Officials say a meeting chaired by Prime Minister Li Peng resolved on the action in

an attempt to restore investor

Tiananmen Square on June 3, killing many civilians, Japan, the US, the EC, the World

Bank, and other sources of soft

loans have suspended financial aid. China, with spiralling for-eign debt, high inflation and rising consumer expectations,

faces a decline in living stan-

dards without overseas capital.

Students at Qinghua University and the China People's University in Peking Universities who were at the heart of

the crushed pro-democracy movement returned to their

campuses yesterday for manda-tory political education, AP

tory political education, AP reports from Peking.
Students at the People's University said they expected a week of political classes, studying the latest speeches of senior leader Deng Xiaoping, before making up lost time in regular classes in the spring. University officials at Peking University, meanwhile, said

University, meanwhile, said

first-year students would attend a year of military training and "cultural studies" before beginning their academic months

Since the army stormed

before October 1.

confidence.

By Patti Waldmeir in Johannesburg

NO ONE would have expected President P.W. Botha of South Africa to retire gracefully from power. But his decision to resign as State President, while refusing to appoint a successor, reflects a degree of political irresponsibility which has infuriated National Party

colleagues. Petulance has marked many of the State President's actions since he announced he would not seek another term after September 6 elections. For six months he has continued to generate headlines as though the political limelight remained rightfully his. Yesterday it was his again, as he summoned Cahinet colleagues to discuss a party crisis of his

own making.

Three weeks before general elections which are likely to prove the closest in 40 years of National Party rule, Mr Botha had provoked a leadership crisis over a procedural technicality relating to Mr F:W. de Klerk's visit to Zambia later this month. It was the outcome party officials had most dreaded from the unpredict-able President. They had plenty of warning

Mr Botha was not about to wind down quietly. He made clear he believed his 50 years' clear he believed his 50 years service had been cruelly disre-garded by party officials, and showed his bitterness by refus-ing to congratulate Mr de Klerk on his election as National Party leader and fail-ing to attend a farewell dinner in his honour. in his honour.
Displays of hitterness from

the President were neither unexpected nor very damaging politically. But his meeting with jailed African National Congress leader Nelson Man-dela was in a different cata-

Consultation with ministers was never the strong point of a President temperamentally given to autocracy. Broad executive powers granted him under the 1984 constitution only increased a tendency to act unilaterally.
Mr Botha's decision to enter-

tain Mr Mandela to tes at his official Cape Town residence must rank as one of his more momentous such actions. The momentous such actions. The principle appears to have been discussed with Cabinet callagues, with its timing determined by Mr Botha alone. Crucially, it appears to have been kept secret from Mr de Rieck, the President's likely succession.

The Mandela meeting and the latest row over Mr de Klerk's Zambian visit appear to reflect President Botha's

resentment at being forced to leave the political stage without securing a viable future for South Africa, and a

southern African peace.
Internationally, Mr Botha
has been portrayed as the
chief obstacle to South African ditical reform, while Mr de Rierk has been welcomed by the West as a potential reformer. Many supporters tempted to share Mr Botha's disappointment at a political career cut short, have found their sympathy diminished.

Boths, they wield immense influence through his National Security Management System," the Report notes. President Botha's decision

Crisis underlines danger of concentration of political power-

Botha, a man who regards limelight as rightfully his

SOUTH AFRICA'S constitutional crisis illustrates starkly the dangers of giving too much power to one man. Its origins go back to 1983.

The ruling National Party had conceded that political reform was imperative. Mr P. W. Botha, then Prime Minister, urged the white electorate to support the creation of Indian support the creation of Indian and Coloured (mixed race) assemblies which, with the white chamber, would give the country a tricameral legisla-

Black political aspirations would continue to be met through the existing home-lands, although black leaders would have the chance, declined by all important fig-ures, to take part in a consultative council.

The framers of the constitution also decided that South Africa needed leadership untrammelled by checks and balances restricting executive decision-making.

Mr Botha, authoritarian by nature, set about turning the former prime ministerial post



Newspaper hits the streets yesterday in Cape Town with the news that President P.W. Botha was about to resign

He became the country's new President, armed with a pano-ply of powers. As head of state, head of government, and head of the National Party (an office he only surrendered after his

stroke last January) he reigned sory body); and paramount supreme. supreme. He was chairman of cabinet; He had a presidential staff of chairman of the State Security
Council; head of the President's Council (a policy advibility and best-paid rank in

the civil service," according to Southern Africa Report; Included among the securocrats were the general and senior officers in the police and

President Botha's decision yesterday not to appoint an acting state President leaves South Africa in a constitutional quandary and possibly without a head of state until after the September 6 election. Constitutionally the state President is appointed by an 88-strong electoral college whose causus is dominated by the ruling white party which, in turn, ensures the ruling party's presidential nominee is elected automatically. Under normal circumstances Under normal circumstances a meeting of the electoral col-lege itself can only be con-vened on 14 days notice by the Chief Justice. And he is obliged to convene a college meeting not less than seven days after the first parliamen-tary sitting which follows a general election.

Unless a special sitting is called immediately after the election next month Parlia-ment itself will not re-convene until next February.

Kim accuses security forces over poll

By Maggie Ford in Secul

MR Kim Dae Jung, South Korea's main opposition leader, yesterday denounced the country's security forces whom he claimed were trying to undermine his party ahead of an important parliamentary by-election on Friday.

The by-election, for a National Assembly seat in a central Seoul district, is likely to be closely fought. All four political parties and the government committee responsible for supervising elections

of fraudulent campaigning.
Mr Kim heads the biggest
Opposition party in the National Assembly, where the ruling Democratic Justice Party lost its majority in gen-

eral elections last year. He was accused at the weekend by Seoul prosecutors of receiving a \$10,000 payment from a former member of his party who visited Communist North Korea last year. Mr Kim has denied the charge, which would carry a seven-year jail

sentence on conviction.

Two weeks ago Mr Kim was questioned by security agents about his alleged links with North Korea but then released. He has described the actions of the security forces as a return to South Korea's "dictatorial

The attack on Mr Kim is likely to affect voters' intentions in the by-election, called after the revelation of irregularities in the election of a ruling party MP last year. The DJP has put up a strong candidate, Mr Rho Woong Bae, a former economic minister in the

previous government. Issues include the removal of the legacy of former President Chun Doo Hwan's authoritarian regime, attitudes of the candidates to democracy and reunification of the two



Kim: election factor

Koreas, and the perceived downturn in the economy. Under South Korea's election laws, unrevised since the start of the transition to democracy, most normal campaigning is banned. All parties have been accused of distributing gifts, money and free meals to potential supporters and minor violence has broken out.

Voters in the constituency are a mixture of middle-class professionals and workers. The former group have often favoured opposition parties, especially the second largest party led by Mr Kim Young Sam. But they might be swayed by a quality rulingparty candidate.

Many of the working-class voters come originally from the country area where sup-port for Mr Kim Dae Jung is strong. A rally held by his party recently to protest against the security forces' action attracted more than 200,000 supporters.

Nation) Party won the largest

number of seats in the Thai general election, but he pro-claimed he would not be a suit-

Two days later, Gen Prem

Tinsulanonda surprised Gen Chatichai and everyone else by

announcing he was stepping down after eight years as pre-mier, the position he had held

without ever contesting an

election. Gen Chatichal made

one of the fastest U-turns in

Thailand's first elected MP to

become prime minister in 12 years would not last three

They said he would be

unable to control an unruly coalition whose members

would drag Thailand's remark-

able economic growth to a halt

and provide the military with

an excuse to stage a comeback. This week, Gen Chatichai

has celebrated his first anni-

Then sceptics predicted that

That political history .

able prime minister.

PLO resists US pressure to consider Shamir plan

By Jihan el-Tahri in Tunis

TALKS between the Palestine Liberation Organisation and the US ran into trouble yesterday during a fourth formal meeting since last December between Mr Robert Pelletreau, the US ambassador to Tunis, and a PLO delegation.

The PLO once again resisted American pressure to consider an Israeli plan for elections in the occupied West Bank and Gaza Strip, and the US repeated criticisms of the repeated criticisms of the and described as "unhelpful" PLO's refusal to abandon to the peace process by the US

increase 30%

"armed struggle" against Israel as a prelude to peace. Mr Pelletreau, who is the sole channel for American contact with the PLO, asked for a meeting following last week's congress of Fatah – the larg-est PLO faction – which called for the "escalation and intensification of the armed struggle". The ambassador raised concern about the Fatah resolutions, criticised by Israel

State Department.
"We made clear our conviction that the Palestinians must respond to the challenge of building a new peace, not con-tinuing an old conflict," Mr Pelletreau told reporters after the two-and-a-half-hour meet-ing. The PLO, which presented its own complaints to the US at the session, responded by reiterating that it had always

"We never told the US that we will stop armed struggle. As long as there is occupation it is not only our right but our duty to go on with armed struggles against Israeli occu-pation," said Mr Jamil Hilal, a PLO spokesman

The US delegation also sought once again to interest the PLO in the elections plan put forward by Mr Yitxhak Shamir, the Israeli Prime Minister, in May as a step towards peace negotiations. But the

Palestinians appeared to have hardened their response. "The PLO does not consider, in any way, that elections can establish the basis for a political settlement," said Mr Yassir-Abed Rabbo, the chief PLO negotiator. "The Shamir plan is unsuitable for progress towards the peace process and does not amount to an opportunity to start the process. On the contrary this plan puts an end to opportunities to achieve peace in the Middle East."

Khamenei rules out **US** hostage negotiations

Tehran and Lara Marlowe in Damascus :-

AYATOLLAH Ali Khamenei, Iran's new revolutionary leader, yesterday bitterly attacked the US and ruled out negotiations between Tehran and Washington over hostages held by pro-Iranian groups in

His verbal assault on the US contrasted with the concilia tory tone taken in recent days by Hojatolesiam Ali Akbar Hashemi Rabanjani, the new Iranian President, who has offered to help on the hostage

Dr All Akbar Velayati, the Iranian Foreign Minister, arrived in Syria yesterday for a visit during which the issue of hostages and the Iranian role in Lebanon is bound to be

Observers in Tehran and in Western capitals attributed some of Mr Khamenel's vitriol to the political and religious fervour in Iran associated with Mr Rafsanjani's forthcoming cabinet reshuffle and with the

Shia Moslem mourning cere-monies of Ashura. Iranian hardliners have used this emotional religious occasion to redouble their criti-cisms of the US - the "Great Satan" - before thousands of Iranians gathered at Kho-meini's shrine. Some hardli-ners, such as Hojatolesiam Ali Akbar Mohtahshemi, the Inte-Astar momanshem, the interior Minister associated with Higheliah in Lebanon, may be dropped by Mr Rafsanjani this month after the Iranian parlia-ment reconvenes.

ment reconvenes.

"As long as the US policy is based on lies, fraud and mischlef, as long as it supports a sinister regime like Israel and oppresses the weak nations, and as long as the memory of crimes of American ringleaders like shooting down the passenger plane and blocking our assets is fresh in our nation's memory, there is no possibility for negotiations or relations for negotiations or relations with the US government," Teh-ran Radio quoted Mr Khamenei as saying.

"No one from the Islamic Republic has negotiated with you and no one will," he said. He was speaking to the rela-tives of soldiers who died in

the Gulf war against Iraq.

Hours earlier the Iranian
news agency had said in a commentary that Tehran was "ready to use its maximum influence for the release of all hostages" if the US free bil-lions of dollars of frozen Ira-

Previously Iran had suggested that Mr Sahabzada Yaqub Khan, the Pakistani Foreign Minister, could act as intermediary between Tehran and Washington.
Dr Velayati arrived in

Damascus late yesterday for talks with his Syrian counterpart, Mr Farouq al-Sharaa. He denied at Damascus airport that he had come to Syria to talk about the 17 Western cap-tives held in Lebanon, but the two men are nevertheless expected to discuss the issue.

reserved the right to pursue armed struggle against Israel's military occupation.

By Michael Marray in Hong Kong

By Ian Rodger in Tokyo ORDERS for Japanese machine tools jumped 30 per cent in the first half of this year to Y601.9bn (£2.7bn), and the industry's association is forecasting a record

As has been the pattern in the past two years, the main sources of demand growth have been within Japan, according to the Japan Machine Tool Builders Association.

Orders from Japanese carmakers surged 49.5 per cent in the first half, while those from electrical machinery makers went up 24.6 per cent. Even orders from previously depressed shipbuilders and transport machine makers have increased sharply, up an average 25 per cent in the first

Meanwhile, export orders grew only 10.6 per cent to Y155.5bn, thanks mainly to a big increase in demand from US, the association

Japanese tool UN body criticises HK orders over refugee conditions

THE Hong Kong Government has come under fire from the United Nations High Commis-sion on Refugees over condi-tions in the territory's deten-tion centres for Vistormeso tion centres for Vietnamese boat people, who are living in increasingly overcrowded closed camps as the influx into the territory has built up over

the year.

A team from the Geneva-based High Commission recently visited Hong Kong, and in its report has argued that money and facilities could be better used to improve the conditions in which the Viet-

namese live. However, the Hong Kong Government has dismissed this argument, which it says envisages channelling all available resources into improved living conditions while ignoring the issue of security in the camps. Lax security is a source of controversy within Hong Kong, where local people are becoming increasingly impatient and boisterous about the boat people in th

ple issue. Over the weekend around

Thailand's Uncle Chat triumphs over the sceptics

against the building of a new camp near the High Island Res-ervoir in Sai Kung, and called for an end to the policy of

granting first asylum. Last week police forcibly evicted 26 demonstrators stag-ing a sibin outside the High Island site, where construction work has been held up by the protests. Newly formed vigilante groups in camp neighbourhoods have also been involved in occasional scuffles with Victorians.

Local television pictures reg-ularly show Vietnamese climbing over the perimeter fences to roam freely outside of their camp areas, while outbreaks of violence inside the camps, such as a recent brawl between rival North Vietnamese factions using knives and metal

tions using knives and metal bars, have also stirred anxiety from local residents.

Traditional animosity between the local Cantonese population and the Vietnamese is also seen as playing a part in stirring protests by local people. The number of Vietnamese boat people in the territory now standing at 53,805.



Newly arrived refugees pictured in a police lorry yesterday

India condemns Tibet meeting

By K.K. Sharma in New

A THREE-DAY international convention on Tibet and peace in south Asia, which ended in New Delhi yesterday, has embarrassed the Indian Government because of the support it drew for the cause of Tibet's independence from

The convention, organised by leading Indian liberals, was condemned in a statement to Parliament by Mr Natwar Singh, Minister of State for External Affairs, who claimed the Government knew nothing

China was attacked during the three-day convention for its repression of the Tibetans. The Indian Government is embarrassed because among delegates to the convention were a former President of India, Mr Zail Singh, a former President of the ruling Congress (I) Party, Mr S. Nijalingappa, and many leading Indians belonging to the main political parties. This reflected the widespread sympathy among many Indians for the

Premier skims from crisis to crisis with a 'No problem' philosophy, Peter Ungphakorn writes UST OVER a year ago, Gen Chatichai Choonversary in office with the pros-pect of another year of havan's Chart Thai (Thai

double-digit growth appearing more and more likely.
His coalition has had its share of quarrels, but no more than previous governments, while the opposition has been noticeably restrained in its

It is as if the MPs realised that provoking a coup so soon after the election would waste the millions of baht they had spent buying votes.

The Thai public, more usually impressed by forcaful generals and populist orators, appear to have developed a genuine affection for the mild-mannered "Uncle Chat" whose favourite comment is an affa-ble and reassuring "No prob-lem". Liberally punctuating replies to reporters' questions on any subject.

in contrast to his reserved predecessor, Gen Chatichai appears to the Thai who sits in front of the near-ubiquitous colour television set as a more accessible prime minister. He



seems to bumble along amiably from crisis to crisis but he has managed to reshape Thai foreign policy and pacify the

His government has also banned logging on national reserve forests following murderous landslides last year, and dared to sack figures once thought powerful from the

board of the state electricity generating authority. Even if his Cabinet, much of which was inherited from Gen Prem, is not entirely spotless, the economy continues to grow and foreign investors continue to be attracted.

Gen Chatichal is an enigma. He is halled as the first "demo-cratic" prime minister in a decade, but was associated with rightist groups involved in a brutal massacre of demon-strating students in 1978. But now, one of his advisers is his son, Mr Kraisak, a neo-Marxist lecturer.

Gen Chatichal appears to enjoy his reputation for being a playboy, but he has shown some statesmanship in handling a number of issues. Circumstances have been in his favour. He inherited a strong export-oriented econ-

High world commodity prices and good domestic agricultural production have allowed the rural population a rare chance to share some of the growth - although many of Thailand's 52m people still suffer severe poverty.
His determination to take

the lead in foreign policy at the risk of eclipsing the foreign minister. Air Chief Marshal Siddhi Savetsila, was achieved by his insistence on turning "the battlefields of Indochina into a market place". But it was made possible, with the assistance of perestroika in Vietnam, by the new

appetite of business and mili-tary groups to trade with Thai-land's previously mistrusted neighbours. Events this anniversary week illustrate the tensions which Gen Chatichal's government will continue to face, and how some crises are quickly

On Sunday, one of his key foreign policy advisers suggested the military should put their own house in order before they started accusing the government of corruption. He recommended a more modern and democratic curriculum

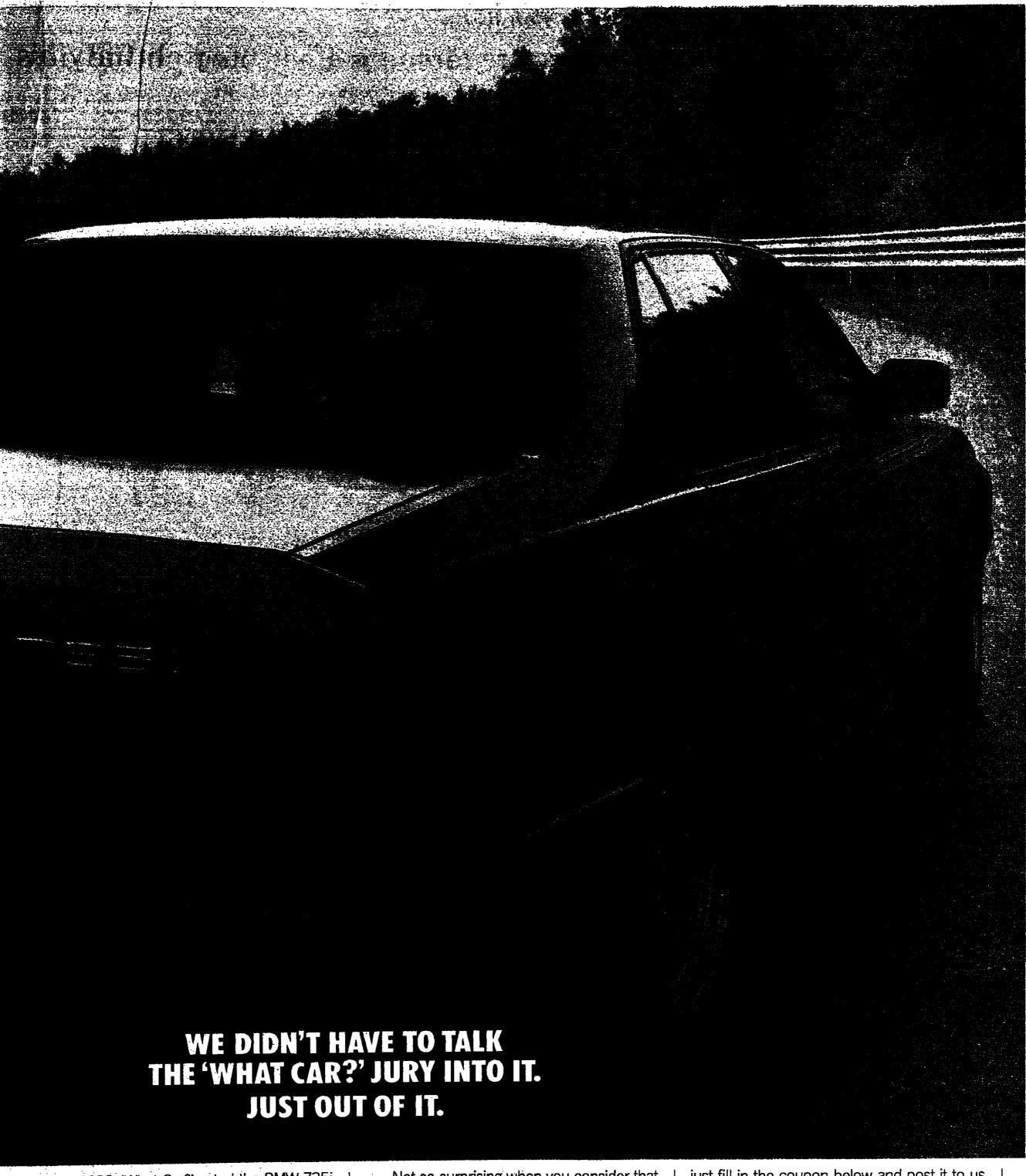
for the army's academy.

The following evening, 1,000 indignant army officers "demonstrated" in a luxury Bangkok hotel and the adviser was forced to resign — much to the pleasure of the bureautracy who see Con Chatteleasure additional control of the control of who see Gen Chatichai's advisers as inexperienced

On Wednesday, the strike against privatisation at the Port of Bangkok was settled, but the question of privatisation itself still remains

That evening, all was forgot-ten and a carefree Gen Chati-chai celebrated his anniversary in the company of the army commander. Gen Chavallt

Yongchaiyudh.
Single-figure but worsening inflation, the possible need to raise domestic oil prices soon and the greed of some of his Cabinet members. Cabinet members, appear to be no problem for the prime minister, compared to the difficulties Gen Chavalit faces if he is to make his much-speculated bid for political leadership through the ballot box or any



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WORLD TRADE NEWS

W German group wins Australian frigate order

By Chris Sherwell in Sydney and Robert Taylor

consortium including Blohm and Voss, the West German naval shipbuilder, has won the lucrative A\$5bn (£2.3bn) contract to build between eight and 12 light patrol frigates for the Australian and New Zealand navies.

The decision, announced yesterday after a meeting of the Australian Cabinet, commits Australia to taking eight frigates, worth A\$3.5bn, and provides for New Zealand to take another four should Wellington stand by its plans to join in. Blohm and Voss and its main local partner Transfield, a privately-owned local con-

struction group, beat a New South Wales-based consortium of companies linked with Royal Schelde, the Dutch shipbullder.
As part of the winning contract, Bofors Electronics, a sub-sidiary of the Swedish chemi-Nobel Industrier, has won an order worth from SKr1bn to SKr1.5bn (£144m) to provide electronics software and hardware computer command and control systems. Another

Swedish company, Ericsson Radar Systems, will produce

the surveillance equipment for

Mr Bö Horner, Bofors' marketing director, said: "This is the largest order we have ever had." The order is seen as a breakthrough for Bofors Elec-tronics, which was acquired by Nobel in June from the Dutchowned company Philips. Mr Horner said that he thought there was now the possibility of further large contracts for the company over the next two

The contract means the two navies will receive the Meko 200 frigate instead of the Dutch M Class ship, with deliveries starting in the mid-1990s. With jobs for up to 12,000 people directly and indirectly, it entails the largest naval construction programme under-

taken in Australia. The decision was taken principally on price. According to Mr Kim Beazley, the Defence Minister, the West German consortium's offer was a

MELBOURNE-BASED remarkable A\$350m cheaper, or 10 per cent of the value of the eight-ship contract.

> If some options on sensors and logistic support were taken up, he added, the West German consortium's price advantage would become even stronger. He acknowledged that the Dutch ship's design was marginally favoured but the West German bid "was preferred in the areas of management, financial arrangements, logistics support and the indus-

try package".

The consortium's modular construction method was clearly another important advantage, as five out of the prospective total of 12 frigates will be built in the depressed Newcastle area of New South Wales, where the second con-sortium focused its bid.

The number of frigates built will depend on a decision by the New Zealand government regarding its intention to have a blue water navy. The contract being drawn up will be for 10 ships, with options to

vary the number to eight or 12. New Zealand's Labour government is under pressure from within the party not to acquire any ships, on the grounds of expense and need, while Canberra is urging Wellington to join in. Among other things, Wellington is considering leasing rather than pur-chasing the ships and taking two rather than four.

Both competing consortia included a New Zealand com-pany in their teams - Cable Price Downer in the case of the winner. But Mr Beazley pointed out that if New Zealand decided not to participate, work on Australian ships which would have gone to New Zealand companies would be done in Australia. The frigates contract is part

of a wider range of Australian defence purchases, including jet fighters, helicopters and submarines. Carrying guns. missiles, radar, sonar and anti-submarine helicopters, they will be used for surveillance, interdiction and protection of shipping in the country's mari-time approaches.

Moscow and Israel sign pact on agriculture

ISRAEL'S Agriculture Ministry and the Soviet Acad-emy of Sciences have signed an agreement to create a joint agricultural company, AP

reports from Jerusalem.
The announcement carried by Israel radio came sho after Tass had reported that the two countries had agreed on their first joint venture, which will make medical

of Israel's government-run Agrideb company, expressed hope that the new farm sector company, Agromir, would help solve the Soviet food crisis. The Soviet Union cut diplo-matic ties with Israel after the 1967 Middle East war. How-ever, cultural and tourism

exchanges have expanded since the two countries exchanged interest offices in 1987 and 1988. Mr Obnert told Israel radio that Israel's advanced agricul-tural technology contributed to the Soviet desire "to co-op-erate on a concrete, business basis, without any political

implications."

"I'm not saying that we will solve the Soviet problems, but our joint impression is that we can contribute to this," he

The radio reported that the agreement was signed on Sat-urday at he end of a 12-day visit by a Soviet delegation.

US bans firms over Iran link

THE United States Commerce Department has for the first time activated an export control provision of last year's trade law by refusing export rights to two West German firms, linked with the sale of a mustard gas chemical to Iran, Nancy Dunne writes from

The Department has revoked for nine years the export rights of Chemco and Colimex, both of Cologne, because of links to
Mr Peter Walaschek, a Cologne
businessman. Mr Walaschek
last year pleaded gulity in the
US to illegally re-exporting
thiodigized from Singapore to thiodiglycol from Singapore to Iran in violation of US export control regulations.

OR ANYONE who regularly has to telephone into or out of the Eastern bloc, the news that Siemens of West Germany could have the liberty as series of be close to clinching a series of deals to digitalise the antique telephone systems will be most welcome. To CoCom, the Paris-based

Co-ordinating Committee on Multilateral Export Controls, which regulates Western exports of militarily sensitive technology to the East hloc, it could be the start of a troublesome argument testing the borders of its recent liberalisation equipment.
Mr Amram Olmert, director in the wake of Mr Mikhail Gor-

bachev's reforms.

Digital telecommunications technology may seem innocent enough but, like computers, it is a "strategic" technology which has the potential to increase the effectiveness of all economic and political institu-tions – including the military. CoCom thus has to tread

carefully in applying the new policy of "higher walls around fewer items". Its job is made no easier by having to deal with increasingly complex technology which comes in all technology in countries like shapes and sizes, some bits of Taiwan or Austria, which are

which are restricted while others are not. "Most parts of the CoCom list are quite unintelligible to anyone who is not an engineer, and even if you do understand it the question of how the technology is going to be used can also be crucial."

says one US official. The US remains, as one West German official put it, "master of the Cocom game", and has

In the long run, the technology could give a useful boost to the bloc's reform process'

enerally been the most cautious about modifying the restricted list and the most aggressive about improving enforcement - thought to be weakest in West Germany.
Officially the US line is that CoCom must not be used as a

political geiger-counter but nobody denies that the Gorba-chev reforms have been one factor behind recent liberalisation, along with the growing availability of some restricted

not in CoCom. The most important recent symbol of reform was the ruling last month that 16-bit microcomputers (but not 82-bit) can now be exported to the East bloc.

Cloud over Siemens East bloc phone deal

But to some Europeans, and especially Germans, that decision – although welcome in itself – highlights the extent to which CoCom is also used as an instrument of US trade policy. It is no coincidence that this important step has come first in computers, where the US is strong, rather than machine tools where they are very weak," says one German official.

He added that the Pentagon often overrules the US industrial lobby but that lobby still has more influence in CoCom than industry in any other country. Other West German officials point to the fact that in the historic agreement for Siemens to supply the Soviet Union with up to 300,000 per-sonal computers about 60 per-cent of the work will be done in the US.

In another, less widely noticed reform of September last year, CoCom also recog-nises that it was no longer pos-

David Goodhart reports on rising concern in the West over technology transfers sible, or even desirable, to stop the East bloc getting hold of digital switching equipment.
Siemens's basic digital switch—the EWSD—which they had previously not been

allowed to sell in East Germany or Hungary is now off the restricted list. Indeed Siemens says that it has already delivered nine or 10 such switches to the Ukraine from

Siemens is in the lead but may need a US partner to boost its Soviet business'

its plant in Yugoslavia, and that negotiations are currently progressing with several other East bloc countries about simi-

So far, so good, for the sup-porters of a more liberal regime. However, Slemens' latest announcement that it is est announcement that it is negotiating a joint venture with the Soviet Post Ministry to build such digital equipment inside the Soviet Union may run into CoCom barriers. For there were two impor-tant qualifications to last

year's digital liberalisation. First it must not involve technology transfer - in other words you can export the eystem there, but you must not build it there and thus give the East bloc the wherewithal to build it themselves.

Second, the most sophisticated aspects of digital technology — in particular the Integrated Systems Digital Network (ISDN) - must remain restricted. ISDN has in fact already been exported to China and there will be pressure to allow it into the East bloc. In the long run, the technology

the long tan, he technology could provide a useful boost to the reform process by improving bureaucratic efficiency.

Siemens seems to be in the lead in trying to push back the barriers in this field, but what the German company may the German company may require — as one analyst observed — is a US partner to

boost its Soviet business.

A similar conflict of priorities and interests may soon be cropping up in space technol-ogy, where the Soviet Union and China have been compet-ing to put commercial satellites into space for German companies like MBB.

Banana growers in plea to EC

By Tim Dickson in Brussels

LATIN AMERICAN banana growers have issued a joint plea to the European Community to ensure continuing access for their products once the single market is completed

In a declaration adopted over the weekend at the International Banana Congress at Cartagena, Colombia, growers from Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Pan-ama and the Dominican Republic aligned themselves with views expressed in a recent note sent by the Union of Banana Exporting Countries to the President of the EC Coun-cil of Ministers and to Mr Jacques Delors, President of the

European Commission.

The declaration pointed out that the banana industry provides direct employment for around 200,000 people in those countries. It also stated that the jobs of millions more were linked to the industry. According to the congress



Delors: target of lobbying from the main exporting countries

the exports of member countries represent annual foreign exchange earnings of about \$1.3bn (£812m), and that any change in the conditions gov-erning access at the moment "entails the risk of serious socio-economic and even political disruptions for the producing countries."
The EC's highly complex banana regime poses one of the biggest challenges for Brussels policymakers.

It combines preferential access to French and British markets for growers in former colonies (notably the Caribbean) with a 20 per cent tariff on cheaper Latin American, or "dollar" bananas for most other member states (except West Germany which has long had a tariff-free quota roughly equivalent to its annual consumption).
It is already clear that the

tariff-free quota will have to disappear come 1992, but the Commission is in the process of drawing up proposals for a solution, reconciling the eco-nomic and political interests of the various member states. The Germans are insistent that the protected French and British markets should be prised open - Paris and London appear to be lobbying hard to keep some form of regulation.

Bremen awarded £234m Soviet container order

By Andrew Fisher in Frankfurt

ONE of West Germany's two yards busy until the midbiggest shipbuilding orders has been won by the Bremer Vul-kan and Howaldtswerke Deutsche Werft (HDW) yards, which will build six container ships for the Soviet Union at a cost of around DM720m (£234m). The Soviet Union also has an

option for the construction of four other vessels, which if exercised would bring the con-tract's total value up to DM1.2bn. The order will be shared equally between the two yards and represents a significant departure from the Soviet practice of ordering ships mainly from eastern

Like yards in other European countries, those in northern Germany have suffered in recent years from cheaper Far-Eastern competition and the malaise in the maritime sector. However, including the option, the Soviet deal will keep the

dle of 1993. Delivery of the ships will start in the second half of 1991. Financing will be provided by German banks headed by Kreditanstalt für Wiederaufept.411

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bau, which said some element of interest rate subsidy would be involved to accord with Organisation for Economic Cooperation and Development rules on shipbuilding credits.
Altogether, the Soviet Union
has indicated that it wants to

place shipbuilding orders worth around DM4.5bn. This would mean the inclusion of other German yards. German industry has bene-fitted considerably this year from the Soviet Union's efforts to refurbish and re-equip both its heavy and consumer indus-tries. Engineering companies have reported a lift in their new orders and trade between the two has recovered from the weakness of previous years.

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UK NEWS

High rates strategy appears to ease inflation pressures

Retailers see fall in sales

Jul 1988

lower. Long-dated gilt-edged stocks ended about 1/4 point

In the three months to July

retail sales were ½ per cent higher than the previous three

months. Compared with the same period a year ago, sales were just 2% per cent higher - the lowest annual growth

In July alone, sales were only 0.2 per cent higher than a year before. Transport strikes

and hot weather could have

dampened sales although the CSO thought the effects were

The year-on-year growth rate in factory gate prices dropped to 4.8 per cent in July, after

hovering at about 5 per cent since the start of the year. Fuel

and raw material costs fell by a

likely to have been small.

rate since October 1982.

By Raiph Atkins and Christopher Parkes

PRESH evilence of a downturn in retail standing and moderating infistion pressures in industry jesterday boosted the credibility of the Government's

sfers

£234m

To the second se

1989

115 75**5**

The Carlot

order

anti-inflaionary strategy.
Seasofally-adjusted retail
sales yournes last month were
0.6 per sent lower than in June and below the average for the first six months of the year, the Central Statistical Office (CSO) said. At the same time, there was a fall in the manu-facturers' fuel and raw material costs while factory-gate prices were rising at the slowest annual rate since October.

The slowdown confirmed patterns reported by leading retailers and suggest the Governmen's high interest rate policy is having the desired

effect is curbing spending.
The figures followed yester-day's Confederation of British Industry Financial Times distributive trades survey showing a slower year-on-year growth ate in retail sales than in any rionth since the survey began in 1963. In financial markets reaction

was subdued but mostly favourable. Sentiment in the equity parket was overshadowed by sharp falls on Wall Street life on Friday and fears of a large correction in London after rapid increases in the past week.

past week. The FT-SE 100 closed 28.3 points down at 2,325.9, after opening almost 40 points Retail sales Volume 1985 = 100

keepers. Reports from members of the Retail Consortium showed "absolutely no growth," Mr Hugh Clark, a consortium executive said. Retailers needed "a bout of nice cold weather" to help kin-dle sales of autumn clothing

> slow growth in mest, canned goods and frozen foods, but this has been more than com-pensated for by heavy demand for fruit and vegetables, drinks, ready-meals and delica-

Mr Tim Daniels, managing director of Selfridges' London department store, flagship of the Sears group, said kitchen appliance sales were awful. However, the summer had done nothing but good for business at Toys 'R' Us, the aggressive US toy chain. Mr David Rurka, managing director, reported no let-up in sales. Competitors might have sold out of outdoor playthings, he said, "but we've been flying in

all over the world. The seasonally-adjusted index of retail sales volumes stood at 120.9 (1985=100) in

inflatable boats and pools from

seasonally-adjusted 0.9 per cent in July, cutting the annual growth rate to 3.9 per cent from 5.1 per cent in June. The CSO figures matched anecdotal evidence from shop-

R KURT WALLEN, a Swedish tourist visiting the UK with his wife, Britta, is distinctly unim-pressed. "They wouldn't toler-ate all this litter in Stockholm," he said. "London is a dirty city. I blame the shops which dump their rubbish on the pavements. In Sweden they must keep it out of sight."
The Wallens had just run the gauntlet of hawkers in Oxford

Campaigns have not tidied rubbish from

the streets, writes

Richard Donkin

and drive people back into the shops, he added. Food retailers reported only Street who thrust leaflets promoting English language lessons into unwilling hands. Sometimes the leaflets find a waste bin but almost invari-ably they fall to the ground; and this is one of the cleaner The image of London, the

gateway to the UK for millions of tourists, is tarnished by filth of tourists, is tarnished by filth strewn along the motorways, dumped in the River Thames, and cluttering the pavements.

Even Britain's most ardent admirers are beginning to despair of the dirty streets.

Mr Vernon Smith, a retired storekeeper from California and a committed anglophile, said: "You can't belo noticing

and a committed anglophile, said: "You can't help noticing all the plastic bags waiting all day on the pavement for collection. The bins always seem to be overflowing with rubbish piling up alongside."

Pointing to the stinking contents spewing from black bags on one london street, he said: "This is close to a food shop. It's bad for business. I used to clean the pavements and hose

them down outside my own shop. Why don't they do that here?" Mrs Margaret Thatcher, the Prime Minister, is asking the same question. The Depart-ment of the Environment says her personal litter crusade stems from a drive back from Heathrow airport along the

clean the pavements and hose



streets of London: local authorities often do not have the resources or manpower to clean up litter submerging the pavement:

rubbish-strewn M4 Motorway with the President of France a couple of years ago. The shame was too much.

Mrs Thatcher soon launched the Clean Nineties Programme. The Keep Britain Tidy Campaign was reformed, renamed the Tidy Britain Group and given £3m (\$4.8m) from the Government to get to the root

of the problem.

Tackling litter leaped up the political agenda and the DoE was instructed to find solu-tions. Last month, Mr Nicholas Ridley, then Environment Sec-retary, published a consultative document proposing an increase in the maximum litter fine from £400 to £1,000 and a code of practice setting out standards for councils and other landowners.
The Government has been

impressed by the initiative of Westminster City Council, the local authority with responsi-bility for some of the capital's most select streets in areas including the Houses of Parlia-ment's, in pushing through its

The Westminster Act of 1988 introduced a £10 fixed penalty ticket that could be issued on the spot by wardens if people refused to pick up litter they had dropped. The DoE proposes giving the same powers

London tries to come clean on litter crisis

to other councils.

Of 800 people approached in
Westminster since the fines were introduced, all but four picked their rubbish up. One of those dodged payment by giv-ing a false address, another had flown to Hong Kong. Local authority staff, such as

planning or transport officers, who are regularly out on the streets, double as plainclothes "litter agents" carrying books of £10 fixed penalty tickets. Mr Sola said: "Most people

seem genuinely surprised when they are told they have dropped litter. They seem to do it without thinking."

Earlier this year Westminster Council put its refuse col-lection out to tender. The contract was won by three former department heads who formed their own company, MRS, and bought out the street cleaning

The MRS refuse collectors work at an impressive rate. Mr Gordon "Geordie" Webb, driving his privatised wagon along Oxford Street, reflected on days gone by. "It's worse now. It always is when they go private. We have to do much

more work." Many London boroughs have run down refuse collection services readt for the forthcoming requirement that they put all services out to competitive ten-

After witnessing the Westminster operation, where bins Oxford Street are emptied up to five times a day, a same-day visit to Southwark south of the Thames revealed a sorrier picture. Much of the rubbish swamping London Bridge Road appeared to have been

there for weeks. Southwark Borough Council has cut its street cleaning budget from £2.77m in 1987-88 to £2.61m in 1989-90. "The money is needed elsewhere," a council spokesman said.

Between October 1988 and

last May, the squad of 482 street sweepers, drivers and dustbinmen was reduced to 258 in a slimming-down operation to give it a chance when com-peting with outside tenderers. Statistics provided by the Chartered Institute of Public Financing and Accounting show that the amount of domestic rubbish collected by local authorities in England and Wales had gone up from 16.16m tonnes in 1981/82 to 17.73m tonnes in 1986/87, the last year figures were avail-

Professor Graham Ashworth, director general of the Tidy Britain Group, believes people will become more litter conscious if the streets can be

tidied in a concerted effort The existing UK litter law could also be more firmly applied. "Dropping litter should be an absolute offence without the requirement to prove intent to leave it behind." says Prof Ashworth. "A fixed penalty system is not enough. There needs to be a strengthening of the law."

European studies for engineering students

By Nick Gazett

COURSES in engineering and European studies are being offered by iston University, Birmingham from October to help graduites interested in working fer companies based

All students on the course will undertale a study project in continenal Europe. Those who choos the five-year course rathe than the fouryear, full-time course will spend a year on placement in France or Wst Germany.

The Eurolean studies element will aclude language teaching an studies in Euro-

pean instittions and policy

Aston's ourses will cover most of the pecialist branches of engineering, such as chemical, civil ad mechanical.

They area further sign that K highereducational institutions are preparing to train students work in countries other than those in which they studied. Brunel Iniversity, London.

for example, recently amounce that one of its engineering curses will be taught partiy in , foreign language.

• Higher education students outside te UK often take longer comes than British students, scording to a study published by the Department of Eduction and Science. The sady examined the edu-

cation ystems of six countries: Astralia, Belgium, Canada, Dumark, Spain and Sweder Students in Spain sweder. Students in Spain spend he longest period in higher shucation, sometimes up to spen years. Courses in Denmar, take between four and seve years while those in Belgium take between four rand statements. Those in Austraand six ears. Those in Australia an Sweden take three years, s in the UK.

Government attacks toxic waste 'panic'

By John Hunt, Environment Correspondent

MR CHRISTOPHER Patten, the Environment Secretary, last night accused the environmental group Greenpeace of "panic and scare-mongering" in its campaign to prevent shipments of toxic PCBs being imported through British ports. His strongly-worded state-

ment marks a government decision to risk losing the environmental vote and go on the offensive in the PCB (poly-chlorinated biphenyls) issue.

But Mr Patten also made it clear that countries should dispose of their own hazardous waste. At the European Community meeting of environment ministers on September 19 he will press for their support in an initiative to get members of the Organisation for Kennomic Co-operation and for Economic Co-operation and

Development to look after their own waste He rejected an international ban on movements of hazard-ous waste. This would be illjudged and irresponsible and would only lead to illegal dumping at sea, he said.

Although Mr Patten did not mention Greenpeace by name his carefully-chosen words were an attack on that organisation after Tilbury port's rejection of PCBs from Canada and the decision of the management at Liverpool and other docks to block such con-

He said that no one committed to improving the environment should "seek to manipulate and play on public fears and worries." Such people distorted the risks and disregarded the effectiveness of Britain's monitoring and control procedures. Greenpeace rejected the criticisms.

Mr Malcolm Lee, managing director of Rechem. the waste disposal firm. said yesterday he expects a consignment of PCBs to arrive at Liverpool expects a consignment of tomorrow despite reports that agents for the vessel in Rotterdam say it will return to Can-ada. Mr Lee said his company would not take legal action against the port if it refused to handle the shipment.

Underground staff agree to end summer disruption

THE SUMMER of disruption to London Underground services

Although the workers at the meetings expressed deep anger over the settlement that union leaders negotiated with management, it is understood that they have decided against further strikes.

appeared to be over last night after meetings yesterday among drivers and guards, writes Michael Smith.

Some union members said after the meeting they had no choice but to abandon the strikes after dismissal threats from management.
Many members demanded

the resignations of Mr Bob Harris and Mr Martin Eady, executive representatives of London Underground members of Aslef - the train drivers union and the National Union of Railwaymen.

In the deal, London Underground dropped demands for productivity concessions and agreed to increase the average earnings of drivers by more than £16 a week to £333. This and similar increases

for guards was over and above the annual pay rise, but many union members believe it does not compensate for recent productivity improvements.

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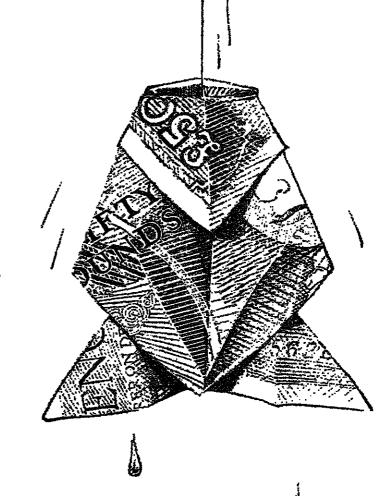
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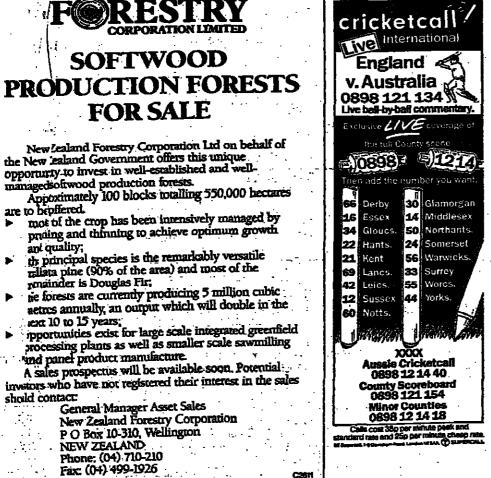
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THE DISTRICT Auditor has failed to bar a group of banks from arguing that interest-rate swap and options contracts entered into by the London borough of Hammersmith and

That makes it less likely that the District Auditor - a gov-ernment body that oversees local government finances will win a quick decision

If the District Auditor had been successful, the High Court would have been almost certain to rule at a hearing scheduled to begin on October 2 that the contracts were illegal and that millions of pounds owed to banks should not be

Hammersmith has decided not to defend itself in the case, believing that to do so will only result in large legal bills and heavy charges for local ratepayers. The council has already run up more than £265,000 in legal bills.

The District Auditor has estimated that Hammersmith might be forced to pay about £186m to bank counterparties due under the contracts over the next five years if interest

FALLING prices for metals,

imported non-food materials and petroleum products pro-

duced a surprisingly large drop in British manufacturers' fuel

and raw material costs last month. The fall has prompted hopes that British industry

may be facing a less severe margin squeeze than originally

Figures from the Central Sta-

tistical Office showed that manufacturers' input prices

dropped by 1.2 per cent in July

and by 0.9 per cent after sea-sonal adjustment last month,

compared with falls of 0.1 per

cent and 0.2 per cent respec-tively in June. The year-on-

year increase fell to 3.9 per

cent from 5.1 per cent in June and a recent high of 7.9 per

At the same time, the CSO

disclosed that prices charged at

the factory gate for domestic sales of manufactured products

rose by 0.3 per cent in July, unchanged from the June

At an annual rate, output

thought.

cent in April.

By Peter Norman, Economics Correspondent

rates remain at present levels. Hammersmith's reluctance defend itself leaves the banks in the ironic position of arguing with a Conservative government that Labour-run boroughs should be allowed to engage in capital-market activities that allow them to circurrent rules limiting spend-

and the District Auditor became apparent on July 26 when the Auditor applied to have the banks, led by Midland Bank and Security Pacific Bank, barred from arguing that Hammersmith's swap contracts are intra vires - within its legal jurisdiction.

That move came after the banks had asked the High Court to divide the October 2 hearing into two parts - one that would only consider whether the contracts were legal and another to consider whether Hammersmith's financial affairs were being run properly. The banks said they were not concerned with Hammersmith's internal affairs. Furthermore, they pri-vately fear that examination of the procedures surrounding

Manufacturers' costs decline

UK producer prices

% change over previous year

Fuel costs [7

cent last month after 5 per cent

in June. The monthly fall in input prices was faster than

expected by most City analysts. The consensus had been

for a 0.3 per cent drop in seasonally adjusted input costs.

the slower annual increase in

output prices were welcomed by the Treasury as "another

sign that inflationary pres-sures are starting to abate." The producer price data might

The fall in input prices and

each swap or option contract will lead to unwanted public scrutiny of their internal con-

On July 31, High Court Judge Sir Philip Howard Otton denied a bid to bar the banks but refused their request to split the case into two parts. However, he granted them the right of discovery, which gives parties in a case the right to review evidence supporting each other's legal position. That should make it easier for the banks to challenge some of the District Auditor's charges.

In explaining why it sought to bar the banks, the District Auditor said the banks had been late in responding to its affidavit and that it was anx-ious to see that no further delays occur in the case. For their part, bankers concede they were several days late in responding to the affidavit but point out that the District Auditor took months to file with the High Court seeking a hearing.

During that time, millions of pounds of payments due to banks have been withheld by not only Hammersmith but by at least four other councils.

also help to offset fears that

industry is facing a serious

higher interest charges and ris-

ing pay settlements.

Mr Kevin Gardiner, an econ-

omist at Warburg Securities,

said the latest figures might

suggest that industry's mar-gins will widen over the rest of

the year. Manufacturers, he

high interest rates than compa-

nies in the service sector, not least because they are raising their export prices at a faster rate than prices at home.

At Nomura Research Insti-tute in London, Mr Mark Cliffe,

the chief economist, said mar-

gins had already improved

since April. However, he emphasised that wage trends cast an ominous shadow over

future developments.

The unadjusted index of

manufacturers' input prices

fell to 103.3 (1985 = 100) in July

from 104.6 in June, while on a seasonally adjusted basis it

declined to 104.2 from 105.1.

The index of manufacturers

are better able to weather

squeeze because of

Market competition high despite withdrawals

THE WAR of attrition between market makers has done little so far to drive capacity out of the market, in spite of a num-ber of well publicised with-drawals, according to figures published by the Stock

Exchange yesterday.

The latest edition of the Exchange's Quality of Markets Quarterly bulletin shows that

In an indication of the con-tinuing high level of competi-tion in the market, the bullemarket crash.

In one area, ADRs (American Depository Receipts), competition has increased considerably. The number of market

erably. The number of market makers in the average ADR has nearly doubled since the crash, from 4.8 to 9.2.

The bulletin shows that one of the clearest indicators of securities firms' profitability – the difference between buying and selling prices, or "touch" – was little changed on lest summer when a fierre

In the period April-June, the average "touch" for leading

stand trial. Soon after the hear-ing began, charges against Mr Carpenter were dropped because of his ill health. charges, including theft, false accounting, publishing false statements and handling stolen goods, to all of which he pleaded not guilty. Late in the trial the prosecution dropped

Unit trust Thailand

THE SECURITIES Exchange of Thailand has been added to the list of approved markets for UK unit trusts.

agers of unit trusts to hold a larger volume of Thai shares, was contained among new regwas contained among new reg-ulations for the unit trust industry laid before Parlia-ment yesterday by Mr John Redwood, Minister for Corpo-rate Affairs.

Mr Redwood said further

trusts to be authorised. Until now, fund managers have not been allowed to

The Unit Trust Association

their approval.
Other changes give unit trust dealers the right to charge for investing in funds operated by another manager. That will end the present situation whereby a fund man-ager may be forced to sell at a loss when his stake in a fund

schemes to invest in govern-ment and other public securi-ties, even when they are not specifically set up to do so.

margins in the equities busi-ness remained cut-throat in the second quarter of this year, in spite of the upturn in the stock market.

tin reports that each alpha stock was traded by an aver-age of 13.9 market makers at the end of June, compared with 13.7 before the 1987 stock

Thus in spite of a number of withdrawals from the market, the number of competitors in each stock remains undimin-

on last summer, when a fierce price war broke out.

stocks was 0.87 per cent, compared with 0.8 per cent last summer. That was well down on the 1.15 per cent of the second quarter of 1988. However, the volume of trading between April and

June was 44 per cent higher than last autumn, indicating that securities firms are at least not losing as much as they were at the peak of the

approval for

By David Barchard

proposals were on the way for more extensive changes that would allow new types of unit

exceed a ceiling of 10 per cent for Thai securities in their Far Eastern funds.

has welcomed the changes, which, they say, meet its recommendations. However, it noted that approved market status had not yet been awarded to three other Far Eastern markets: Taiwan, South Korea, and the Philip-pines. It had been pressing for

rises above 10 per cent because of sales by other managers. The regulations make it easier for authorised securities

Weighing up the burden of proof

Raymond Hughes writes on the culmination of the Howden affair



Ian Posgute (left) and Kenneth Grob; denied all charges at the 15-week trial

acy to defraud (later dropped

by the prosecution); and con-spiracy to steal money from Lloyd's syndicates.

The prosecution alleged that funds from Howden and the syndicates were transferred to a "pretend" Panamanian rein-

a precent rannaman terr surance company, Southern International Re (SIR). From there, the funds went to Panamanian holding companies owned by Liechtenstein trusts – Bloomer, Blissful, Skyair and Karoli – which had been set up for Mr Grob, Mr Comery, Mr Carpenter and Mr

It was alleged that it was those trusts, together with Hereford, a Liechtenstein trust

Hereford, a Liechtenstein trust created for Mr Posgate, that secretly bought BdR.

In his three-and-a-half-day summing-up, Mr Justice McNeill told the jury that before they could convict Mr Grob it had to be proved that:

A He had been party to an He had been party to an unlawful joint enterprise that included all or some of himself, Mr Comery, Mr Page and Mr Carpenter, to steal from one or other of the entities mentioned

in the charges.

In pursuance of that joint enterprise, instructions had been given by one or other of the four for the transfer of the four to the security of the funds out of the account of the

particular entity.

There had been appropriation of funds in England.

In pursuance of such instructions, an officer or offi- been done to put the scheme

DEC expansion will create 500 jobs

cers of BdR had caused such money to be transferred into accounts controlled by, or of which the beneficiaries were. one or all of Mr Grob, Mr Comery, Mr Page, Mr Carpenter, Mr Posgate or some third party. Mr Grob had been dishon-

Before you can convict Posgate you must be sure he was a party to the agreement, know-ing the dishonest purpose of the agreement and intending

to play some part in carrying it out," the judge said.

He told the jury that there was evidence that documents relating to the transfers of funds to SIR were "sham reinsurance documents."

surance documents."

He suggested that it was open to the jury to decide that SIR was not a genuine reinsurance company but "just an offshore money box."

The judga said there was really no challenge to the evidence of the money had said

funds, which Mr Grob had said had been for honest, legitimate, commercial purposes.

Mr Grob had accepted that the Howden four had been concerned in a scheme for the funding of SIR but had said that the way the funding had been done had not been in accordance with that scheme.

There was no doubt that there had been an agreement between the Howden four, the judge said. The question was: had Mr Grob known what had into effect? And had that had been done been dishotest?
Mr Posgate was in a different position, the judge said, and the jury would have to decide whether he had been a party to

the agreement.
The relationship beween Mr Posgate and Mr Gron was in some ways central to the case. The existence of an agreement between them was esential for proof of the conspiraly charge.

Mr Page's part in the story might be thought similicant, the judge said. The evidence appeared to suggest that he and Mr Carpetter had been the two of the Howden four who put into effect what had been agreed by the lour.

Mr Grob row blamed Mr Page for what he latter had done, of which ir Grob said he had had no knowledge.

"You have not heard Page. I some ways central to the case.

"You have not heard Page. I suppose, in common sense, you are entitled to look at it from Page's angle as well. Why should Page deart from a plan? if there was at agreed plan?
What advantagewas there for him? If he had canged plans, would he not lave gone to Grob and told him?

"Was Grob realy in ignorance — or is he now trying to hive off responsibility to Page?"

At the end of his sum-

ming-up the judge said: "Was this a tangled wb intended to deceive or was that was done no more than a honest com-

SLD seeks reforms of planning

By Tom Lynch

COUNCILS SHOULD be encouraged to make more use of "planning gain," under which developers provide com-munity facilities in return for planning permission, according to a Social and Liberal Demo-

on land values and in another policy paper proposes a new form of housing subsidy which could eventually replace tax relief on mortgages.

The party's white paper on

ence, sees planning gain agree-ments as a way of improving the quality of developments and benefiting the community.
The SLD accuses the Government of prompting "10 years of

In its housing policy paper, the party advocates a substan-tial increase in direct public support for housing, which would gradually replace mort-gage income tax relief.

crat policy paper out today. The SLD also suggests a tax

planning, to be discussed at next month's national confer-

profiteering at the expense of the quality of life."

gage income tax reues.

Housing: A Time for Action:
and England's Green and
Pleasant Land? Hebden Royd
Publications, Bircheliffe Centre,
Hebden Bridge, W Yorkshire,
HX7 8DG, £3.60 and £3.

SA group in London The change, which will enable Far Eastern fund managers of unit trusts to hold a move on cricket tour

African groups opposed to next year's proposed tour by rebel English cricketers had talks in London yesterday with Sir Shridath Ramphal, Commonwealth secretary general, Mr Roy Hattersley, deputy leader of the Labour Party, and Mr Norman Willis, general secre-tary of the Trades Union Con-

Mr Mike Gatting, captain of Middlesex and former England captain, is leading 14 English cricketers who have accepted invitations to play in the rebel tour of South Africa, prompting threats that England might be barred from next year's Commonwealth Games in

Auckland.
At Lord's, the delegation handed in a letter addressed to Mr Gatting urging him to reconsider his decision.

Mr Krish Mackerdhuj, president of the South Africa Cricket Board, Mr Murphy Morobe, of the United Demo-cratic Front, Mr Mi Hlatsh-wayo, of the Congress of South African Trade Unions, and Mr Ngconde Balfour, of the National Sports Congress, said they had had no reply from any of the 14, to whom they

By Tom Lynch REPRESENTATIVES OF South "technical opposition and fee-ble criticism" of the tour in spite of the Gleneagles agree-ment pledging Commonwealth heads of government to take

drawal of the players' pass-ports as "more typical of the actions of the South African

Mr Hattersley attacked the Government for offering only

steps to ensure the continued isolation of South Africa in international sport. Labour would have expressed disapproval "far more positively and strongly." If Mrs Thatcher had condemned the tour outright, some of the 14 would have changed their minds. However, he rejected calls for the with-

regime."
He recalled remarks by Mr Gatting that he did not know much about apartheid, and said the three-day visit of the South African delegation was "his chance to find out about it." Mr Morobe and Mr Balfour have both been imprisoned in

South Africa. Mr Mackerdhuj said the tour's organisers may have given the impression that the tour would help non-racial cricket. "This is certainly not the view of the overwhelming majority of South Africans." majority of South Africans."

ond largest computer company, is planning to invest £20m in a development in Warrington, Cheshire, which it says will result in the creation of up to

takeover of Howden, the extensive Lloyd's interests of which included the management of the largest underwriting syndicates, in 1982 by the US-based Alexander & Alexander Services, the world's second largest interests of the second largest interests.

st insurance broker. Post-acquisition investiga-

tions by the US group disclosed a shortfall in Howden's assets running into millions of

The prosecution alleged that

Mr Grob and three other How-den directors, Mr Jack Carpen-ter, Mr Ronald Comery and Mr

Allan Page – the so-called "gang of four" – set up a "secret empire" of offshore

companies which they used to steal millions from Howden and Lloyd's syndicates for

The allegation was that.

between 1979 and 1982, the four

and Mr Posgate conspired to use the money to finance their secret purchase of the Geneva-based Banque du Rhône et de la Tamise (BdR) from Howden.

When the trial began on May

3, only three of the alleged con-spirators were in the dock at Southwark: Mr Comery had

died and Mr Page was too ill to

Mr Grob initially faced 27

all except the 16 charges of

Mr Posgate pleaded not

their "personal enrichment."

It is understood that the It is understood that the development by the US group will consist of a 200,000 sq ft extension to its existing substantial premises on the Birchwood Science Park.

The Birchwood premises will then be consolidated as the

By Alan Cane

company's northern regional centre. The company is buying

DIGITAL Equipment a 12-acre site on the park from sity or polytechnic. It is, how- and rapid development."

Corporation, the world's sec- Warrington Runcorn Develop- ever, close to the British DEC, the pioneerof minicomment Corporation for the

Mr John Horsley, regional support manager, said that by the year 2000, DEC will employ 1,000 people — all in sales and service — on the Birchwood site. There are 600 employees there already. The develop-ment will also create jobs in Leeds, Gateshead and in Scot-

Birchwood is claimed to be the most successful of the UK's private science parks - that is, not associated with a univer-

Nuclear Fuels site at Risley. Other electronics companies on the site include Gandalf, the datacommunications equipment manufacturer,

Mr Geoffrey Turton, DEC's north region director said: "The communications capabilities of our corporate wide network give us the flexibility to locate where the working and living environment suits us. Warrington offers good travel links, the skills are available and commercially we believe the north-west is set for strong

puters in the 197s, has been enjoying a surge (popularity among computer users over the past five year as a consequence of its stratey of building machines in variety of sizes, all of which vill run the same software.

Reading and near Suthampton in the south of Egland.

Sellafield waste disposal method satisfies MPs

By John Hunt, Environment Correspondent

SIGNIFICANT improvements have been made in the proce-dures for disposing of low-level radioactive waste at the British Nuclear Fuels site near Sellafield, according to the Commons Environment Committee. Four years ago, the commit-tee attacked the "haphazard" disposal of waste in open clay trenches at the Drigg site near the reprocessing plant in Cum-

In an updated report published yesterday, the committee stated: "In view of our past criticisms of the Drigg site, we feel it proper to acknowledge progress that has been made."

It welcomed a £20m programme by BNFL to improve procedures on the site, but procedures on the site, but urged more work on compressing waste and speeding implementation of new procedures.

The low-level material dis-

posed of includes gloves and clothing that have been exposed to radioactivity. It comes from other nuclear

installations, hospitals and universities throughout the

country.
Originally there was open dumping of low-level nuclear waste at the site, unpackaged or in drums. Ground water could run from the open trenches and eventually reach

the Irish sea.

Now it is held back by a cutoff wall and is placed in metal
containers stored in specially engineered concrete bunkers. The report notes that the costs of disposal have risen "dramatically" from £25.80 a cu metre in 1985-86 to £260 in

The committee finds that justifiable and says the cost of providing better-engineered facilities must fall on the cus-The report was welcomed by

BNFL.
Disposal of Low-level Radioment Committee, sixth report,

death last week of a British

child in a hotel swimming pool

in Majorca. Witnesses claim the pool was murky, although hotel management denies that.

The survey, to be published in next month's issue of Holiday Which? magazine, found that all 25 swimming pools inspected in Majorca would have filled Swiigh received.

have failed Spanish statutory

Of other resorts covered.

The association wants an EC

safety guidelines.

Chase is privately owned by Mr Martinez and his family, with several private investors. Its main asset is a 30 per cent holding in Microvitec, the West Vorbables manufactures of Yorkshire manufacturer of computer monitors and peripherals that provided substantial capital gains for its backers

ernment's urban programme for feasibility studies, is pre-dicting 1,000 jobs from Eurocam and an extra yearly benefit to the local economy of

It employs about 000 in the UK and turns over bout \$1bn (£680m) out of total evenues of \$12.5bn. It has manfacturing facilities at Ayr ad South Queensferry in Scoland and

Bradford site for advanced industry park

By lan Hamilton Fazey, Northern Correspondent

EUROPEAN centre A EUROPEAN centre dedicated to advanced manufacturing is to be based in Bradford. The West Yorkshire city is to build a 27-acre technology park for modern industrial excellence featuring a "software will see" featuring a "software village", factory units and a conference centre. The city council has formed a partnership with Chase Advanced Technologies, a local company, which is raising £25m from financial institutions to back the project for the European Centre for Advanced Manufacturing,

shortened to Eurocam.
The aim is to provide a base from which manufacturers, designers, consultants, venture capitalists and other suppliers of professional services can work together, developing new ideas, technology and products. Mr Tony Martinez, chairman

Mr Tony Martinez, chairman of Chase Advanced Technologies, said: "It is essential to assist companies in achieving and maintaining manufacturing competitiveness. We believe Eurocam is a unique concept — essentially a technology park but with a thoma? nology park but with a theme."

when it went public three years ago.

The council, which has received £20,000 from the Gov-£12m in salaries.



lines (eg twis ed pairs) used by legitimate network isers to discove their passwords. These are

then used to reak into

computrs. Tricom Culodian protects youngainst piggybackingbecause whenever an he dials in and supples a password, Cuspdian

immediate disconnects the the and dials back the legimate user. Phone Tricon on 024 026 3951 for dtails about how to project

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Tricon

German group in food sales push

By Maggie Urry in London and Haig Simonian in Frankfurt

ALDI, a leading West German food retailer, is planning a determined push into the already competitive UK food retail market.

It is expected to compete

heavily on price and is thought

to be prepared to incur losses for a number of years to become established in the UK The group has appointed Mr Trevor Coates as its UK man-

aging director.

Mr Coates, who used to work for Park'N'Shop, a Hong Kong retailer owned by Hutchinson Whampoa, said he could not comment on the group's plans because of a worldwide corporate policy not to speak to the

However, Mr Coates said

Aldi would open a similar style of store to its operation in

West Germany, which has been extended to other conti-

nental European countries.

executed formula is for its fairly small shops to sell a limited range of own-brand goods straight from the carton on skeletal metal frame shelves. To keep down costs, fresh food not available, while staffing is kept to a minimum. Although its stores are centrally located, they are seldom

Aldi's simple and stringently

believe the formula will prove attractive to UK consumers. It will be pitching itself against Kwik Save, which has 435 stores in the UK, Lo-Cost, a subsidiary of Argyll which also owns Safeway, and other smaller grocery outlets.

Mr Tony MacNeary, head of

British food retailers do not

food retail research at County NatWest WoodMac, the stockbroker, says he believes Aldi plans to open 100 shops in the next two years.

Industry observers say Mr

Coates has already secured a number of shop units in the UK, has arranged warehousing, is in discussions with suppliers and is attempting to poach executives from other supermarket groups. The first stores are likely to open in the West Midlands and Manches-

Aldi is a family-owned company, dating back to before the Second World War. It started its rapid expansion in the pos-Run by two brothers, Mr Karl and Mr Theo Albrecht,

Aldi became positively secretive after the kidnapping in 1971 of Mr Theo Albrecht. A ransom of DM 7m was demanded before his release. Aldi is one of West Germany's top three food retailers, with around 2.100 stores and estimated sales of DM 15.7bn (£4.88bn) last year. It also has

interests in Austria, Belgium.

Denmark, the Netherlands, France, Spain and the US. In West Germany, Aldi com-prises two distinct groups of companies after an agreement in 1961 between the two Albrecht brothers to divide their German coverage. Aldi Süd is run by Karl, 68, and is responsible for operations in south Germany. Meanwhile, Aldi Nord is run by Theo, 66.

German law allows privately owned companies considerable eeway in what they disclose. Aldi has split the group into over 40 legally independent units, which are small enough to slip even further through

the disclosure net. For 1988 the Lebensmittel Zeitung, Germany's leading food retailing publication, downgraded its group sales estimate from DM 19.5bn in 1987, when Aldi was believed to be the country's biggest food

Safety call on hotel pools

By David Churchill, Leisure Industries Correspondent

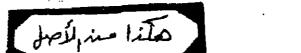
THE Consumers' Association yesterday called for action by the European Commission to improve safety standards in hotel swimming pools throughout Europe.

The move followed a survey by the association of 75 hotel swimming pools in resorts which found only 10 pools safe

for swimming.
Faults included water so murky that a swimmer in difficulty might not be noticed. lack of supervision and rescue equipment, abrupt changes of

Algarve beaches were praised for their efficient supervision and information. depth and poor depth mark-

ings.
The survey comes after the directive on pool and beach





many of its parts are

externally sourced (ie outside the manufacturing company).

Remember the number you

If you got the right answer
60 per cent today, against 40
per cent only a few years back
you will understand one rea-

son why the European Com-

with a new paper on the devel-opment of sub-contracting in the EC.

Little noticed among the

myriad items dealt with in. Brussels at the final Commis-

sion meeting before the sum-mer break, the so-called "Com-

munication" to the Council of

Ministers provides a useful summary of the state of sub-

contracting in the member

states, acts as a reminder of Community initiatives taken in

the field thus far, and presents an outline of possible future actions to encourage this

increasingly important sector as the 1992 single market

Surprisingly, perhaps, there is no universally accepted defi-nition for subcontracting —

only France among the EC

states has a law (adopted in

1975) and a standard (intro-

duced in 1987); in most countries it is not specifically acknowledged either from a

legal or accounting point of

motor manufacturing indus-

tries are the biggest contrac-tors, with electrical and elec-tronic manufacturing and textiles and clothing catching

up.

The Commission paper*, however, estimates that the

European industrial subcon-

tracting market is worth Eculoobn (£67.5bn) a year.

ingly becoming a strategic

choice for businesses con-fronted with the need to improve their competitive-

ness," says the introduction, going on to explain that growing demand is just one of three key structural changes which have recently been taking

Besides the "quantitative"

"Sub-contracting is increas-

A PARTY OF THE PAR

ission has just come forward

first thought of.

MANAGEMENT: The Growing Business

Subcontracting ake an average Euro-pean product, say a motor car. Guess how

A specialist route to beat the competition

Tim Dickson reports on Community initiatives to emphasise the potential skills inherent in the smaller company



view.

The Commission, however, makes a clear distinction between suppliers (which produce and sell their own standard product) and subcontractors (which are working to specific requirements laid change for example - inspired by big companies' search for greater flexibility and adaptability — businesses are also tending to pass on more and more complex operations to subcontractors, expecting them to master processes and tech-nologies which they as prime down by another company).

Partly because of the legal vacuum there are also few statistics. Only France provides a clue, with figures showing that the aerospace, shipping and contractors do not possess or consider unprofitable to

> "The form of subcontracting known as capability contract-ing, which was used in the past to counter the fluctuations of main contractors' production capacities is increasingly changing into specialist subcontracting," says the paper. Specialisation, it adds, is often their only means of sur-

Specialisation, moreover, is bringing about a subtle but important change in relationships between contractors and subcontractors. By acquiring a product that he no longer produces or a know-how that he does not possess, a main con-tractor has every interest in establishing more stable and balanced relations with the

dependent firm, even to the extent of direct involvement in its research and development

"Cascading" subcontracting Japanese style – whereby first level subcontractors will turn to others of the second or third level - is just one of the noteworthy consequences.

In drawing attention to the fact that the small, often local

businesses which carry out such subcontract work are mostly "ill-prepared" for this new era of competition and change, the Commission says there are three major roles for the EC: helping create the right legal and financial envi-ronment, particularly for cross-border subcontracting; improving the flow of information between contractors and subcontractors; and promoting what it calls subcontracting and partnership relations.

In listing measures taken and measures being considered to improve the environment, the paper says the Commission intends to analyse the cost to European subcontractors - in terms of finance, equipment and human resources - of the multiplicity of certification procedures "and will take action to ensure that business and certification bodies are aware of the problem."

Another major difficulty is payment periods, with Italian companies forcing their subcontractors to accept delays of up to 120 days, while West German firms settle their accounts

within 30.

Brussels is not, it should be stressed, planning to step in with a new directive, but the paper points out that in at least seven of the eight member countries which have laws on payment terms contractual practice is the source of particularly difficult problems for subcontractors. "In-depth" discussions on this issue will be conducted with national authorities and trade circles.

Consideration, meanwhile, is also being given to the law on liability for defective products — notably a directive of 1985 which holds the manufacturer of a component part responsible in certain cases. The Commission says a group of experts

will be "examining the implica-tions on subcontracting busi-nesses of this directive."

As for information and com-munication flows, the paper says that by the end of this year most industrial sectors in year most industrial sectors in which work is contracted out (metal, plastics and rubber, textiles, wood, electronics, industrial services, ceramics and general services for businesses) will be covered by multilingual glossaries of technical terms. These are designed to facilitate cross-border

More significantly, perhaps the Commission says a feasibility study it carried out has highlighted the need for a European Information Centre for Subcontracting and that an operational proposal is cur-rently being circulated to interested parties.

If approved, the project – which Brussels says should not be an arm of the Commission but an independent body - could be operational some time

Among other functions, the centre could provide information on the legal, economic and technical subcontracting environment in the member states and outside the Community, provide regular advance information on subcontracting opportunities in public procurement and large-scale European contracts, and promote the setting up of consortia, European "economic interest groupings" and other similar ntures to submit joint tenders for contracts.

Among the ideas on promotion, one of the most important relates to Europe's image in the eyes of foreign investors. Community small business experts say they are anxious to make sure that the growing number of Japanese firms setting up in Europe do not repeat their countrymen's behaviour in the United States, where networks of home-based subcontractors were typically employed.

Brussels organised a mission of specialists to Japan last year - which concluded that quality and delivery were Europe's two major shortcomings — an initiative which will be followed up by a major conference in the spring of next year.

"It has nothing to do with the local content argument," an official explains. "We just want to make sure that they don't have any excuses to bring their own subcontractors with them."

*Communication from the Commission on the Develop-

Huge demand leads to quota

Laura Raun reports on the Dutch government's imposition of restrictions on its loan guarantee scheme

The Netherlands' scheme of state guarantees for commercial loans to small business is a victim of its own success. So much money was lent in the first seven months of this year - nearly twice as much as for all of last year — that the government has imposed a quota for the rest of 1989. Only Fl 225m (£65.3m) of bank loans will be guaranteed by the Economics Ministry between August 11 and December 31.

When the scheme was streamlined at the beginning of the year it stimulated such a demand that the government feared its future liabilities would be too high, regardless of bankruptcy or pay-out rates. Last Friday each bank received a scheme quota based on its share of total loans guaranteed last year, with a mini-mum of Fl 500,000. At least 10 per cent must be reserved for

start-ups.
Under the new rules that took effect on January 1, the Economics Ministry guaran-tees 90 per cent of the principal sum although banks usually have lent businessmen the same amount again outside the Banks may now grant loans

as they see fit without government sanction and administration charges have been scrapped. Waiting periods have shrunk considerably from the previously routine three or four weeks. The new scheme replaces

guarantees. Under the old rules which began in 1985 the state guaranteed 100 per cent of the credit but got directly involved in loan approvals, with civil servants acting as loan officers. Instead of struggling with the bureaucracy, banks often bypassed the scheme. Small firms, particularly start-ups, often found the rules too com-

What is puzzling Economics Minister Rudolf de Korte, small businessmen and bankers, is exactly why lending soared so unexpectedly this year under the scheme's simplified rules. Indications are that more bank lending was done under the scheme precisely because it was easier, faster and cheaper than in the past.

Indeed, if evidence of the UK experience with loan guaran-tees had been considered, the Dutch would have found that when a similar simplification took place several years ago of guaranteed loans by young British companies.

"Under the old regime the government was more involved and guaranteed 100 per cent," and guaranteed 100 per cent."
explains Joop Zwarts, general
secretary of the KNOV, an
industry association for small
business. "Banks often said
they would give the finance
without a guarantee because it took so long and they had to pay between 1 and 2 per cent in administrative costs to the

The scheme's future depends on several factors. A new government should be in place by early next year, following general elections on September 6. According to public opinion polls a centre-left coalition could replace the centre-right coalition which collapsed last May and which includes the pro-business Liberal Party. Ruud Lubbers, the caretaker Prime Minister, argues that small business no longer needs an official spot in the portfolio of the State Secretary for Economic Affairs because the sector is mature enough to lobby on its own.

A certain budgetary constraint will remain regardless of the electoral outcome because all the major political parties are committed to cutting the government's gaping budget deficit.

Moreover, banks are under general credit restrictions imposed by the Dutch Central Some guidance will be

sought from the results of an Economics Ministry investigation due to be finished within a

couple of weeks. Certain factors are clear already, though. Lending under the scheme has soared way out of proportion to over-all business investment. It jumped to Fl 800m in the Janu-ary-July period, significantly exceeding the budgeted Fl 504m. In all of 1988 some Fl 420m was loaned to small busi-

In brief...

■ Local Investment Networking Company, a business introduction service run for the past several years by 15 individual enterprise agen-cies locally around the UK, has now been launched on a national basis. LINC sets out to bring together business opportunities with potential sources of finance.

LINC operates an Investors' Club for people who wish to invest and sometimes work in small firms. Membership costs £50 a year, which includes an annual subscription to its Bulletin (in which investment opportunities are outlined), inclusion on the investor data base and allows attendance at investors' meetings for a small

Further details from LINC, 4 Snow Hill, London EC1A 2BS. Tel: 01-236 3000.

■ An insurance package has been put together by Lloyds Bank designed specifically for small firms in trade and service industries.

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nies in the UK were invited to submit a written entry of not more than 50 words describing their most successful and effective international busi-

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BUSINESS

BUSINESSES FOR SALE

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Business

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Turnover of approximately £860,000 in 9 months to

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For further information please contact Ken Chalk or

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Leisure Industry, Hotels and Licensed Property Consultants

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Work-un-progress and stock at valuation (approx value £15.000)
Lease of light industrial premises (approx value £500)

OFFERS in the region of £40,000 are invited.
Written offers to the Administrator at the address below by 29th August 1989.

For further details contact:
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Newland Mallett Garner Woodbury & Co
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LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS DAVID SWADEN FCA and STEPHEN SWADEN FCA IN THE MATTER OF

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(Present order book around £1m for £1989/1990).

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For further details please contact the

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For further details contact Philip J. Gorman or the Joint Administrative Receiver, N.J. Halls at: Deloitte Haskins & Sells, Lenox House, Spa Road, Gioucester GLI IXD on (0452) 423031. Fax: (0452) 300699. Telex: 437282.

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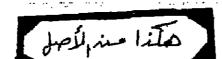
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TECHNOLOGY

s the redundant cruise missiles are flown out of Greenham Common air base for dispromise of International disarmament, European and US defence manufacturers face a dilemma. Can they exploit their expertise in defence to break into other areas of electronics manufacture, in particular the consumer market? If they can succeed at this 20th cen-

tury version of turning swords into ploughshares, western manufacturers will have the extra satisfaction of hav-ing broken Japanese dominance in this key market sector.

The motive and the opportunity has been provided by developments at both national and international level. The spread of glasnost in the eastern bloc has persuaded western governments to cut their defence budgets. In 1987, the US Government spent more than \$292bm (£184bn) on defence; in 1988 that fell to \$290bn, and the budget is unlikely to be increased in the foreseeable future. At the national level, growing compe-

and broadcasting particularly in the US and the UK, has thrown up services which exploit technological sophistication to give an edge to their products in the market place. That has given the consumer a thirst for high-tech gadgetry, from the portable telephone to the satellite television dish.

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Sales

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The three main consumer areas where US and European manufacturers might use their defence expertise to achieve dominance are: Digital mobile radio, in particular the pan-European cellular radio project, which uses digital radio signalling first

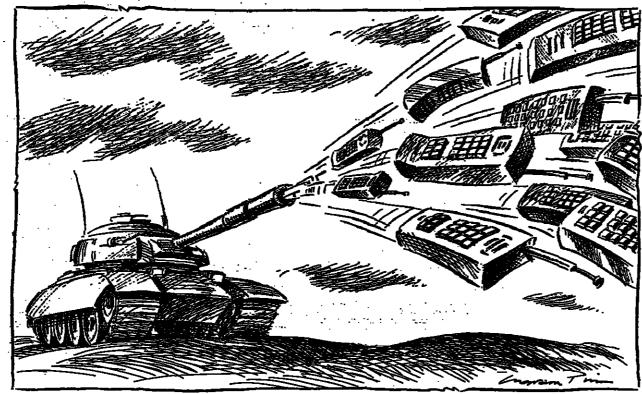
used in military systems. High frequency radio, such as the latest development in the UK for pri-vate communications networks (PCNs), which should be in service by the early 1990s. PCN networks will transmit sig-nals at very high frequencies between 1.7 GHz and 2.3 GHz - com-

monly referred to as the microwave fre- High definition television (HDTV), which will give much clearer pictures than today's television sets. HDTV will be transmitted in Europe and Japan via satellite, a technology in which the military fraternity has invested heavily. At stake in the battle for HDTV is an estimated market of \$140bn over the next

The most important factor in all three technologies will be semiconductors (chips), for processing and inter-preting the information. Although Japa-nese chip makers have faced dumping. allegations in the US and Europe over chip production, that has been mainly for their mass market memory chips. The markets for sophisticated processor and application specific chips (Asics) are still dominated by non-Japanese chip makers.

Mamoru Miki, managing director of Cores Europe, the European arm of the Japanese electronics consultancy, is warning Japanese companies that they ed access to US and European chip technologies for mobile radio and HDTV if they are to develop consumer

A STATE OF THE STA



Della Bradshaw on the spin-off from defence spending

High-tech 'ploughshares'

"Chips are the most important area," says Miki. "If you look at the new Motorola pocket telephone, it is half the size of the portable phones made by the

Japanese manufacturers. That is because of the chip technology." Fuelled by the fear of Japanese dominance expressed by US and European companies, many analysts have written off these companies' chances of getting into the consumer electronics market. But not Cores Europe: it is advising its Japanese clients to develop joint ven-tures with European or American man-ufacturers to gain access to knowledge in these technologies.

The first testing ground for European companies is the pan-European cellular radio programme. These services will allow consumers to travel across Europe and keep in contact using onehand portable telephones whatever country they are in it should begin service in principal cities in 1991.

It will be the first widespread implementation of consumer communications using signalling which is digital, the language used by computers. Such digital radio signalling was pioneered in the military field, by the likes of Moto-rola in the US and Plessey and Racal in the UK in the 1970s. Professor William Gosling, Technical Director at Plessey says: "The European digital mobile radio programme is without doubt derived from the work done on military radio, such as our Ptarmigan system.

have the technology, can they exploit it in consumer products?

The biggest problem will be to take expensive and sophisticated military technology, traditionally produced on a small scale, and manufacture it in consumer volumes — piling them high and selling them cheap. "It's a question of taking the £5,000 military product of the late 1970s, and turning it into the £500 product for the 1980s consumer market," says Mike Pinches, managing director of Orbitel, the Plessey and Racal joint venture. Orbitel was set up specifically to exploit the mobile radio technology of its two parent companies for the consumer market.

On their past records the prognosis for European companies looks bleak. With the exception of Philips, the Dutch electronics group, which has not been a major defence supplier, most of Europe's large electronics companies have shied away from the fast-moving market of high volumes and tight margins in the consumer marketplace.

One of the few companies to keep its feet firmly planted in both the con-sumer and military markets is Motorola. It was the first company to instal a radio in a car 60 years ago and has developed its mass market manufacturing expertise so that today it has a strong foothold in the US and European mobile radio markets, and is moving into the Japanese market as well.
In the UK alone, Motorola is involved

in both the existing analogue and future digital cellular radio markets, radiopaging, and the proposed services for both PCN and telepoint. (Telepoint – the "poor man's cellular radio" – will allow consumers to use a domestic

cordless telephone handset to make calls from publicly sited base stations.) Whatever happens in the mobile radio marketplace, it is clear that in the US, investment in military technology which can be used in the consumer sector - so-called dual-use technology will continue.

Five US electronics companies are to be funded to the tune of \$30m to develop the display technology for HDTV by the US Defence Advanced Research Projects Agency. Michael Kelly, director of the agency's defence manufacturing office, acknowledges that the funding is intended to prevent the US defence interstructure becoming the US defence infrastructure becoming dependent on base technologies from Japan, as much as to develop the broadcast technology itself.

"To respond in the military area we need a strong industrial base," says Kelly. "We need to make sure that the semiconductor industry is responsive." Meanwhile, in the Soviet Union, the Government is promoting a more mun-dane way of turning swords into ploughshares. The country's ageing tanks are being stripped down for use as bulldozers and tractors to help in the country's agricultural programmes

Help comes to the duty-frees

BUYING DUTY free goods on an airliner can be irritating: either you cannot use the left-over local currency jangling in your pocket, or your favourite whisky has been sold by the time the

trolley reaches your seat. But equipment to give airline passengers a bette service is at hand, in the form of a portable computer. Developed by C.W. Butter & Associates and based on a hand-held computer from Epson of Japan, the Elisa system calculates the cost of items in any currency and suggests alternatives if your chosen perfume, say, is out of a stock.

Elisa, which incorporates a computerised cash till. in-built credit card reader and printer, stores the information on stock and sales on a solid state disk. Airlines can analyse and store the information or send it electronically to C.W. Butler's central bureau, which produces management reports. The system is already being used by Malaysia Airlines.

THE COMPUTER SAYS WE'RE FRESH OUT OF LAYENDER WATER BUT HOW ABOUT CHANEL No 5 ?



More power on the mountain top

A BIG PROBLEM with installing electrical equipme on offshore oil rigs or in mountainous country is that if power is cut off, it can take an age to retore. Telephone operating companies providing services to isolated villages are among those faced with this difficulty. To combat the power

fallure, companies have to

install standby batteries. Now in its final production stage is a standby battery which, its manufacturer says, will give more power over a ionger period - up to 48 hours — than the traditional lead acid battery.

A fan sucks air into the battery, where it reacts with the aluminium anode to give power. The initial design and development of the aluminium air battery has been done by Alupower of the US, part of the Canadian company Alcan Aluminium. The batteries are being developed commercially in the UK by Alupower-Chloride, a joint venture between the US company and Chloride Standby Power, of Manchester.

It's all in the cards

FIVE JAPANESE high technology companies have taken a lead in the development of a new type of computer storage which vies with today's floppy disk

technology.
The integrated circuit memory card — similar in size and shape to a credit card - stores information on semiconductor chips rather than the magnetic media used by disk drives. Manufacturers claim the cards can display data on the screen more quickly than disk counterparts.
Such cards are already in

use, but products from different manufacturers are made to different standards. Now the five companies, under the auspices of the Japan Electronic Industry Development Association, have set a standard for the size of the cards and the amount of memory - up to 16 megabytes, enough to hold 3m words of text.

Cards built to the new

standard should be available early next year. The companies are Toshiba. Fujitsu, Selko Epson, the battery division of Matsushita and Hitachi Maxell.

The UK appetite for fax

MORE THAN a hundred thousand tacsimile machines were bought in the UK during the first six months of 1989 - nearly a quarter of the total number of tax machines in the country.

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WORTH WATCHING

Edited by **Della Bradshaw**

The figures, released by the **British Facsimile Industry** Consultative Committee (BFICC), the trade association representing 33 fax companies in the UK, show there are now 470,000 fax machines in use in Britain.

Silencing the superbrats

TENNIS SUPERBRATS look out. The days of the bad line call could be numbered because of developments in line monitoring equipment using electromagnetic

The monitoring system uses a specially designed tennis ball, with metal, such as ferric compounds or magnesium, in the rubber

The system can measure the position of the ball to within 3 mm using a cable loop, installed along the lines of hard-surface tennis courts. The loop transmits a radio signal, which is distorted when the ball bounces on or near the line. As the signal tracks the ball's pace and trajectory both before and after it hits the ground, court-side compute processors can calculate whether it is in or out.

TEL of Adelaide, Australia, which developed the system, is installing the first one in its home town this year.

Contacts: Japan's EIDA: Japan, 3 434 8211. 794 4611. C.W. Butler: UK,

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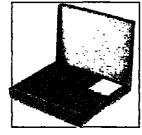
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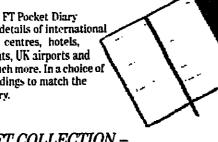


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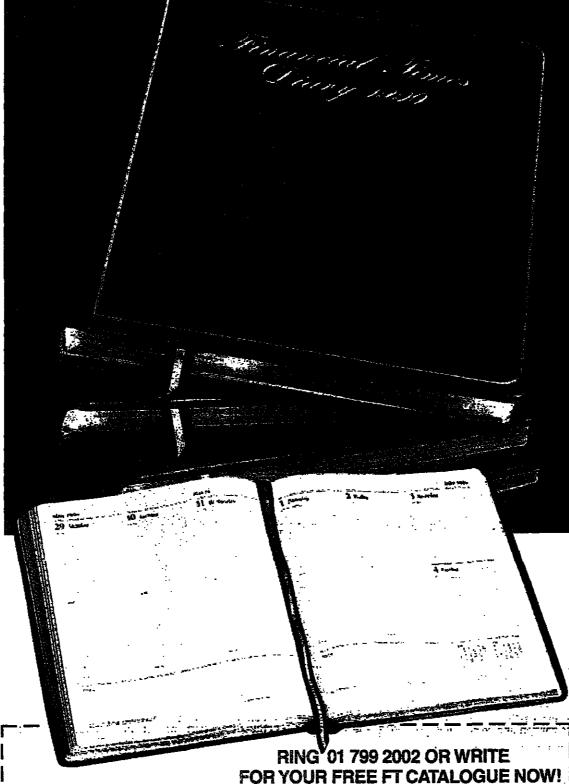
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docks, the travelling French circus, Archaos, have pitched a tent and launched The Last Show on Earth. They

project a post-apocalyptic scenario of

urban dereliction that scuppers the initial, very funny, classical tableau.

Trapezists fly from a fork-lift truck.
The clowns are zonked urchins in

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shields. A tearaway motorcyclist per-forms daredevil "wheelies" around the ring and over all obstacles, finally

encircling the arena with the controlled mastery of a Cossack bareback rider.

The proceedings are underpinned

with a pounding, ribald jazz accompani-ment, and the arena literally explodes in one of the most ferocious finales I have ever witnessed, the cast hanging from the roped spider web that serves

as both scenic canopy and practical rig-ging. But there are lovely, lyrical touches, too, such as a duet for yo-yo spinning lovers, and the balancing of a single tea-spoon on the forehead of a cool dude juggler who lets it slip, deli-cately, until it nestles behind his ear.

Els Comediants are rooted in Catalonian myth and folklore. Archaos are the new brutalist circus emitting a real

sense of life on the road in the small towns of France and Italy where they mostly play. Squeezed in the middle, gasping for breath, is the radical,

trendy, vegetarian (no animals) circus of the 1970s. Circus Oz was the first and

Their new show, Stop Laughing This Is Serious, marks the full emergence of that fine contortionist trapeze artist,

Sue Broadway, as the Betty Boop of the small top. She personifies the grace and charm of Ra-Ra Zoo, and a skit on the

Chinese Opera she performs with Mark Digby as a Demon King (no respite from

devils this Festival) is as expertly satiri-

Michael Coveney

cal as it is relentlessly funny.

villian entertainment.

st, but an offshoot cousin, Ra-Ra Zoo, is showing signs in the Assembly Rooms of re-grouping as a comic vaude-

A true son of Scotland takes his rightful place

Mary Rose Beaumont reviews the work of noted artists in exhibitions north of the border

uring his lifetime Sir William McTaggart (1835-1910) scarcely exhibited outside Scotland, so it is only now, with a comprehensive show at the Royal Scottish Academy, that he is seen to be a rejector. that he is seen to be a painter

of international stature.

His subjects are indeed exclusively Scottish, from portraits of friends and family to sea and landscapes on both the sea and landscapes on both the east and west coast of Scotland, but their scope is more than parochial. His greatest painting must be described as impressionist, yet he achieved this style of landscape painting in quite other ways than did the French Impressionists, of whom he was barely aware.

While still a student he was renowned as a draughtsman,

'McTaggert's

subjects are

exclusively Scottish, but their scope is

more than

parochial'

and his earliest paintings are of figure subjects influenced by the pre-Raphaelites. His Diploma picture, "Dora," 1869, a typically Victorian subject taken from a poem by Tenny son, is strongly reminiscent of Millais' "The Blind Girl." Gradually however, figures became increasingly incidental and the landscape took over as the focus of his interest. Such paintings as "The Wave," 1881.

are purely tonal, in the manner of Whistler's "Nocturne." of Whistler's "Nocturne."

The dangerous lives of fisher folk especially attracted him, and such paintings as "The Storm" and "Running for Shelter" show the effects of wind and weather on the frail craft of the fishing fleet. These turbulent paintings have affinitive bulent paintings have affinities with the Hague School in Holland and the Newlyn artists, such as Stanhope Forbes, in their insistence on the interaction between human beings and the elements.

But McTaggart's historical subjects are painted as if they "The Coming of St. Columba" shows the tall ships racing in under full sall, while a group of children play on the cliff-top, unaware of the import of the

saint's arrival. Another subject of importance to McTaggart was the forced emigration of so many Scots: "The Sailing of the Emigrant Ship" is a tragic reminder of their departure as a result of the Highland Clearing. McTaggart shows the full-masted schooner on the horizon, leaving behind only the

ghostly remnants of the very old and the very young The very late paintings, many of them unfinished, show how he worked across the entire canvas, mapping out the landscape much as did Cézanne in his late Mont St Victoire paintings, McTag-

gart's romantic love of his native land and the freshness with which this comes across to us, a hundred years later, can best be summed up by the Gaelic title of one of the picture: "Tir Nan Og," which means land of youth, the land beyond the sunset.
A very different concept of landscape is evinced in Wil-

liam Crozier's exhibition at the Scottish Gallery. Though Scots-born, Crozier's life, and consequently his work, is divided between Hampshire and the south of Ireland. His brilliant, almost violent, col-ours are indebted more to Van ours are indetted more to Van Gogh and the Fauves than to Scottish Colourists, and his sense of place is positively physical. The viewer is drawn into the landscape as if he were walking through it, feeling the earth beneath his feet. The nictures are at once a The pictures are at once a truthful rendering of the thing seen and an imaginative recon-

struction in the mind's eye.

Crozier's paintings are erudite, in the sense that poetry, music and art history have all been fed into the image. "The end of the modern world," 1989, owes its title to Anthony Cronin's poems; it will have been painted to the accompaniment of opera, probably Wagner, and it certainly owes its aura of nostalgia for a vanished world to Claude Lorraine's "Departure of the Queen of Sheba" in the ational Gallery, London. It is

National Gallery, London. It is nevertheless an uncompromisingly modern picture, muscular yet reposeful, like a sleeping giant.

For many years one of the leading figures in the artistic life of Edinburgh, Sir Robin Philipson, past President of the Royal Scottish Academy and for many years Head of Drawing and Painting at the College of Art, is having a major retroof Art, is having a major retro-spective at the College, span-ning some 40 years. The breadth and variety of Philip-son's scenes is a source of wonder, from the early cockfights which first brought him to public attention, through the glowing cathedral interiors, to the more sombre subjects of man's inhumanity to man, epitomised in the Crucifizion. An early influence on Philipson was Kokoschka, whose.

reflected in "View of Princes Street," 1956. The influence of Rouault may also be perceived in the early work, such as "Boy King," 1954, and that of Degas in the continuing series of nude, sometimes lewd, women. Ultimately, however, the definitive statements are made in the great Triptychs, highly ambitious works which strike at the heart of human life: birth, death and regeneration. Philipson's long career, both as painter and teacher, has had an incalculable effect on gener-

ations of Edinburgh artists. Exhibiting for the first time in Britain is the Dutch artist Armando, whose exhibition at the Fruit Market Gallery is subtitled "Resonance of the Past." His pointings are for the grey and white, the imagery

barely discernable through the thick impasto. His formative years were spent under the German occupation of the Netherlands, and the indelible impression which this experience left on his young mind continues to reverberate through his painting. Far from a literal record of his experiences, it is more a metaphor for the human condition, and the inevitability of conflict in

that condition.

In the 1960s, Armando was associated with the Dusseldorf group Zero, whose nihilistic attitudes were in tune with his own. Like the German artist Gunther Uecker, whose use of nails were a symbol of anger and aggression, in 1960 Armando painted an entirely black canvas traversed by strand of barbed wire, this minimal device standing for all the horrors of the concentration camps. Also related to the "informal" artists of the period are his thickly painted pein-tures criminelles, which hang like accusatory presences on

The paintings of the 1980s, although retaining their confrontational title, have be come more pastoral. The battlefield merges into woods and trees, the paint itself becoming a metaphor for the earth or soil of his native land. It is to contemporary German painters that he now bears the closest resemblance, his huge Nean-derthal heads and inflated fig-ures consonant especially with

'Armando's thickly-painted

> works hang like accusatory

presences on the wall'

those of Baselitz. The 1989 series of heads, on cardboard and in water colour varying from turquoise to ochre, are like archaeologised skulls. Armando's is a melancholy art, full of pain and death, yet it speaks of resignation and com-passion.

This is the last week in which to see the German artist Anselm Kiefer's exhibitions at Anthony d'Offay's three gal-leries in London and in a theatre at Riverside Studios. The theatre is dominated by an installation, entitled "The High Priestess," consisting of two vast steel bookcases loaded with immense lead books, too huge for any individual to handle. Lead is also the material of the wall pieces, treated with salt, acrylic, emulsion, ash and photographic collage, from whose surface emerge images inspired by Wagner's Ring Cycle, the Holocaust, Nazi architecture and Hitler's bookburning. The weight of history which they carry is over-whelming, both literally and metaphorically, yet they tug at the imagination.

The first major survey of 20th century Scottish art will arrive at the Barbican Art Gallary in London early next year, ranging from the Colourists in the early years of the century and the will be from February 8 to April 16.



Ra-Ra Zoo in Stop Laughing This is Serious

Atlántida, Usher Hall

So far, Spain dominates the musical side of the Festival. On Sunday the National Orchestra of that country and Rafael Frühbeck de Burgos made a welcome visit to the Usher Hall, and their Falla programme included a rare opportunity to hear parts, at least, of his vast, unfinished work, the "Scenic Contata" Atlantida.

Edinburgh, it should be remembered to the Festival's credit, gave the work its first British hearing as far back as 1962, with Markevitch conductives. Not long effectively the ing. Not long afterwards the late Ernesto Halffter, to whom had fallen the task of completing the score, withdrew it for revision, a process which lasted for several more years. the definitive version was per-

of 1976, and this was the source of the extract on Sunday.

There was just enough to give an idea of the individual

give an idea of the individual savour of the musical testament on which Falla laboured so long, the "wholly personal language capable of both austere dignity and sensuous expressiveness" which Martin Cooper described in his programme essay for that earlier gramme essay for that earlier occasion.

We were given the Prologue, two numbers from part one, nothing from part two (left by Falla in a state of confusing incompletion but containing striking music), three numbers from part three, with the radi-ant soprano solo for Queen Isaplative final chorus -

timeless, almost motionless music exerting a strong spell. The Edinburgh Festival Chorus, trained by Arthur Oldham,

rus, trained by Arthur Oldham, contributed magnificently, directing the Catalan text as though it were their mother-tongue, grandly sustaining the mood of the concluding pages. Maria Oran sang Isabella's Dream; Alicia Nafé, not inference troice trait the very difference traits. best voice, took the very differ-ent solo of the mythical queen Pyrene. A promising young baritone, Enrique Baquerizo, dealt with what the excerpts included of the narrator's music. But with such a meagre allowance the full force of this remarkable and still half-unknown score could only be partly experienced.

In a wiser world there would have been more of Atlantida

breve, of which a complete con-cert performance took up the greater part of the programme. Not that one regrets time spent on an irresistible work, but this is in every sense the more accessible of the two. Here the Festival chorus was really too large for the off-stage, atmospheric wordless phrases of the first two scenes and positively explosive in the Oles of the choral dance at the wedding, exciting but dramatically absurd. Frühbeck and the orchestra know La vida breve

backwards and played it for what it is worth - perhaps, in

this hall's generous acoustics,

and less on the opera La vida

for a little more. The only important role, of the betrayed gypsy girl Salud, was sung by Maria Oran with a

seductive tone like cream flecked with tartar. The two arias made their expressive point, but until the very end (expertly handled) there was too little of Salud's dignity and vulnerability. Josep Ruiz sang the worthless lover Paco, who has one luscious duet with Salud and little else. The voice of Jorge Anton, in various brief tenor solos, had more character. Extra local colour of authentic Andalusian kind was provided by a small flamenco dancer, Lucero Tena, and singer Gabriel Moreno. From a stalls seat it was hard to see the dancer's feet. Tena is, however, a notable castanet player: whirling arms and clattering

Ronald Crichton

fingers were easily visible.

The Judgement of Paris

It was a clever idea to re-run a musical competition from the 18th century without the origi-nal result being divulged. A surprising number of operas have come into being as the result of an open competition, but there are not many cases where it would be possible today to hear all the extant entries for one in a single evening and pronounce judgement

on them anew.
This was what the Prom audience did, amid much noise and hilarity, on Sunday. In 1701 "Several Persons of Qualadvanced 200 guineas for the composition of a masque to a set text on The Judgement of Paris by the playwright and poet William Congreve. Four entries were submitted by experienced, professional com-posers of the day and the performances given in Dorset Gardens Theatre, which Congreve noted was "full of beauties and beaux, not one scrub being admitted."
What he would have thought

of the ratio of beauties to scrubs among the 20th-century audience one hardly likes to guess, though the voting at the end no doubt gained in enthu-siasm what it lost in decorum. With John Drummond (Controller of Radio 3) as compere, the audience was invited to shout for the setting it liked best, and after a lot of screaming and stamping first place was awarded to John Eccles, a disappointing choice, as his score seemed to me easily the least distinguished.

One catchy number for Juno apart, its main asset was its brevity. Congreve supplied more words than are neces to retell so simple a story and each of the other two composers we heard (the fourth entry, Gottfried Finger, has been lost) fell into the trap of writ-ing too much music for the arias of the goddesses, thus depriving their works of theat-rical tension as Paris comes to award his own prize at the end. At least, though, they did write real music. Both Daniel Purcell, brother of the more famous Henry, and John Weldon showed a greater com-mand of their resources, writ-ing for voices and orchestra alike with a richness that Eccles did not equal. If one felt the Purcell to be dramatically flaccid and over-fond of long melismatic wanderings for the voice, then the best choice as winner would be Weldon. His masque was shapely and musi-cal and also had the most beguiling final aria for Venus, radiantly sung on this occasion by Emma Kirkby.

Evelyn Tubb and Sarah Pendiebury sang Pallas and Juno in each setting to a changing cast of male soloists, among whom David Thomas's drily humorous bass Mercury deserves note. Both from the singers and the Consort of Musicke and Concerto Köln there was enough shaky ensemble to make one relieved that Anthony Rooley had not elected to give the performances with the full forces of 85 musicians reported by Congreve at the original competi-tion. Weldon won then, so in 1701 at least justice was done.

Richard Fairman

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Scottish art exhibition to come to London

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FINANCIAL TIMES

ARTS GUIDE

THEATRE

The Merchant of Venice (Phoenix). Dustin Hoffman's Shy-lock a sympathetic, semaphore-gesturing alien in Peter Hall's fine Venetian Renaissance pro-duction, Geraldine James a sympas Bertia (262 2204)

superb Portia (836 2294).
The Riack Prince (Aldwych).
Ian McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (836

Single Spies (Queen's). The high-light of Alan Bennett's double hill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Bhunt in the royal picture gallery. Clive Francis plays Guy Burgess in a rehash of Bennett's fine TV film An Englishman Abroad (734

1166). M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. (379 5399). Brigadoon (Victoria Palace). 1947 Brigadoon (Victoria Palace). 1947
Lerner and Loswe "heatherscented" Scottish fairytale hit
is handsomely revived and wall
sung; less fiail than expected
(634 1317, cc 836 2428).
Hencefor ward (Vaudsville). Martin Jarvis and Joanna van Gyseghem in bleakly finny and
experimental Atan Ayckbourn
connecty of future shock and comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs

on the streets and a tug-of-love (336 5867, cc 741 9989). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operatta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A proba-

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from sup-port for Eugene McCarthy's pres idential aspirations to electoral ambitions in the 1960s, accompanied by the musical and emo-tional flavour of the period (239

Lend Me a Tenor (Royals). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200), Shirley Valentine (Booth). Pau-line Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs with-out smoothing any of the North-ern English edges that retain an authentic touch. Jerome Robbins' Broadway (Imperial): Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed

plays of the past 40 years, includ-

ing On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-tal-ents that inspired the heyday of the musical.

of the musical, Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of nugging but hollow humour that misses as often as it hits. Christine Baranaki leads an ebullient cast in the incettable but disco. cast in the inevitable but disappointing hit.
Cats (Winter Garden). Still a
sell-out, Trevor Nunn's production of T.S. Eliot's children's

poetry set to music is visually startling and choreographically feline (239 6262). A Chorus Line (Shubert). The

Ongest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than exercises from the process. emotions (239 6200). Les Misérables (Broadway). The nagnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (200 200).

(239 6200). Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway

hit (947 0033).

M. Butterfly (Engene O'Neill).

The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat

whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Financian of the Opera (majestic) Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6200).

August 3-17

Driving Miss Daisy (Brian Street). The touching relation-ship between a dowager, played in this production by Dorothy

in this production by Dorothy
Loudon, and her black chauffeur
exposes the changes in the South
over the past several decades
(348 4000).
Steel Magnolias (Royal George).
Ann Francis and Marcia Rodd
play the leads in this view of
southern life from under the dryers in a busy hairdressing establishment (988 9000).
Les Miserables (Auditorium).
The international spectacle has

The international spectacle has settled in for a long stay by the Great Lakes (922 2110).

Tokyo Les Miserables. Imperial Theatre

(201 7777), Strongly-cast revival (in Japanese) of the stirring musical of the storming of the Paris barricades. The production is a recreation by Trevor Nunn and John Caird of their London original – complete with John Gunter's superb set and lighting. Noh. National Noh Theatre (Wed at 1pm) (423 1331). Hanjo (The Girl whose Lover Went Away). by the great 15th century non master Zeami. Plus a kyogen comic interlude. Japan's most esoteric art form is not to every-one's taste, but everyone should see it at least once, since it is the world's oldest living form of drama of any importance.

'Towards Bach' QUEEN ELIZABETH HALL

Ever since the new broom of the South Bank Board swept South Bank Summer Music out of the August schedules, a whole range of alternatives to the Proms has been explored. The most enduring has been Summerscope, an ecumenical affair which can encompass many art forms. It was under such a banner that "Towards Bach" was launched on Sunday, a fortnight of recitals aimed at surveying as many strands of Bach's achievement as possible, within a useful historical context.

The package has impeccable authenticist credentials. The joint artistic directors and conductors are Gustav Leonhardt and Sigiswald Kuijken, the resident ensembles the Orchestra of the Age of Enlightenment and La Petite Bande, while a 13-strong chamber choir, Cantata, has been formed for the performances. A thorough cross-section of Bach's output has been attempted - alongside the Brandenburgs, orches tral Suites, Musical Offering and B minor Mass are viola da gamba sonatas, trio sonatas, and a scattering of motets and cantatas, sacred and secular. The opening concert, conducted by Leonhardt with the Age of Enlightenment Orchestra, included two of the least familiar of the secular cantatas, Vereinigte Zwietrocht der wechselnden Saiten BWV 207, and Schleicht, spielende Wellen

BWV 206. They were prefaced by a French suite by a Bachian contemporary, J.K.F. Fischer, a blameless sequence of *Tajelmu*sik, most elegantly played. The cantatas are anodyne

enough too - shameless pieces of flattering musical allegory. BWV 207 was written to celebrate the awarding of a chair at the University in Leipzig, BWV 206 to mark the birthday of the Elector of Saxony in 1734. Though each is designated as a dramma per musica, dramma is not what they are about at all, though the flow of grateful musical ideas is

Played and sung well, as both were, they are lightweight and enjoyable. Leonhardt's rhythmic acuity, not always sufficient to energise a few sedate tempi, is absorbing in its own right and he had assembled some first-rate soloists - Patrizia Kwella, Michael Chance, the tenor Christoph Prégardien - an incisive, superbly even-toned singer and David Wilson-Johnson. The OAE contributed some well turned obbligatos; the choir Cantata matched the size of the enterprise exactly. Every element of "Towards Bach" appears to have been thoroughly contemplated; it promises more performances of the contemporary

Andrew Clements

FINANCIAL TIMES

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Tuesday August 15 1989

A graceless resignation

PRESIDENT PW Botha's his successor, Mr F W de ill-tempered and graceless resignation ends a bizarre episode to office in 1948 now lacks conin South African politics which has demoralised the ruling National Party, delighted its opponents, and baffled the white electorate, who along with Indian and Coloured voters go to the polls early next

The full consequences, however, have yet to be felt. If the spectacle of disarray in govern-ment leadership has hastened a process in which the National Party is steadily los-ing support to both the extreme right Conservative Party and the liberal Democratic Party, the election may prove to be a political watershed for South Africa.

Few will feel any sympathy for Mr Botha. He deserves some credit for setting in motion a process of reform, acknowledging that apartheid was becoming unworkable. He responded not so much to a change of heart as the recogni-tion that a variety of pressures were making the system unworkable. These ranged from the widening population gap between black and white, to economic imperatives - like the increasing power of black trade unions, and the impact of

external debt repayments.

Mr Botha should also be given credit for finally ceding South African control of Nami-bia, and agreeing to UN supervised independence elections there next November.

Backward step

But he steadfastly refused to dismantle the pillars of apart-heid, notably the system of black homelands and the Group Areas Act, the basis of racial segregation. His reforms took South Africa down a constitutional cul de sac. The introduction in 1984 of a tricameral parliament of white, Coloured and Indian assemblies turned out to be a backward step. It entrenched the National Party view that black political aspirations could be confined to nominally independent homelands. For all Mr Botha's talk of "power shar-ing," it became increasingly apparent that he was incapable of presiding over the process of fundamental change that is required in South Africa. He leaves a weak legacy to

Authority undermined Had Mr Botha gracefully stepped down after his stroke

fidence and direction, for the

failure of apartheid has deprived it not only of an ideol-

almost evangelical fervour which made it such a powerful

The Afrikaner community, once a bedrock of support, is

now divided. Some maintain

old party loyalty but others have defected either to the right or the left. The pillars of the community are marked by schism: the Dutch Reformed

Church has renounced apart-heid, a system to which it once

gave its blessing; predomi-nantly Afrikaner universities

such as Stellenbosch, are now

breeding grounds for youthful rebellion.

last January, Mr de Klerk would be facing next month's poll with more confidence. Instead the party leader's authority has been undermined by a series of incidents, some petty and some unforgiv-able, such as his implicit opposition to the meeting between Mr de Klerk and President Kaunda of Zambia later this

But the most critical of these episodes was Mr Botha's apparently unilateral decision to meet Mr Nelson Mandela, the imprisoned leader of the African National Congress. If Mr de Klerk was consulted at all about this momentous step, it was very late in the day. Had Mr de Klerk been taken into Mr Botha's confidence, it seems very unlikely that such a meeting - which will almost certainly have lost votes to the extreme right - would have taken place before the election.

Yet with three weeks to go before polling day, Mr de Klerk still has an opportunity to repair some of the damage and assert his authority. This cannot be done, however, with a reassertion of ill-defined promises of good intentions and vague commitments to reform.
It is time for Mr de Klerk to set out both to the white electorate and the rest of the world that more than a mere baton of office has been passed with the departure of Mr P W Botha.

Lebanon AFTER FIVE months of savage but ultimately futile artillery battles in Beirut, events appear restraint. But with the excep-tion of an abortive French aid effort in April, they have confined themselves to expressing support for mediation efforts by the Arab League. Even now that the three Arab leaders entrusted with negotiations

to be moving towards a show-down between two of the most intransigent enemies in Lebanon's civil war. Sunday's assault by Leban-

ese Moslem and Syrian troops on a strategic Christian-held position near the capital presages a new phase in the con-flict between the irresistible force that is Syria's occupying army and the immovable object that is the Christian army commander, Major Gen-eral Michel Aoun. There have been renewed calls, notably from France, for international intervention to halt carnage which is without parallel in 14 years of sectarian conflict.

With Syrian President Hafez al-Assad calling for Gen Aoun's overthrow, and Gen Aoun refusing to discuss politi-cal reforms demanded by Lebanese Moslems, it remains dif-ficult to see how outside powers can even begin to bridge the gap. It is still under-standable that France feels constrained to do something: it was, after all, the creator of modern Lebanon and for many years the principal sponsor of the country's Maronite Chris-tian minority of which Gen Aoun is the latest champion. The immediate question is: how to shape a diplomatic ini-tiative that addresses the con-cerns of both sides and does not simply add fuel to the fire?

Renewed interest

In one cruel sense, the mere fact that western countries are showing renewed interest in the conflict could well prolong it. Ever since he proclaimed his campaign to "liberate" Lebanon, Gen Aoun has been try-ing to cajole foreign powers into putting pressure on President Assad to pull his 40,000-odd troops out. He may feel that the events of the last few days have brought him a step closer to that goal. If so, he grievously misunderstands both the international community's current approach to Leb-anon and Syria's motivation in

staying put For the duration of the latest crisis, the western powers and the Soviet Union have periodically expressed concern about the fighting and called for

Mediation in

diplomacy appears to be focused on reactivating these efforts rather than undertaking any autonomous initiative.

The essential point is that none of the non-Arab actors that became so directly and painfully embroiled in Lebanon in the early 1980s has the remo-test intention of repeating the experience. It is a fact of which President Assad is well aware, and which is likely to inure him to any international opprobrium his current actions in Lebanon may attract.

have admitted failure, French

Strategic imperative

Maintaining a presence in Lebanon has in any case become a strategic imperative for the Syrian leader. He is anxious to guard his vulnerable western flank against meddling by hostile forces and to preserve at least the semblance of a unitary Lebanese state. of a unitary Lebanese state. The fact that his deadly enemy, Iraq, has been arming and financing Gen Aoun can only exacerbate President Assad's paranoia.

This is not to excuse the bru-

tal nature of Syria's current offensive in Lebanon, its wilful infliction of civilian casualties or its cynical manipulation of local political forces. But it does explain why international pressure - however well-inten-tioned - may have only lim-

ited impact on Damascus.

If France and other western countries want to maximise that impact, they should tread very carefully. They need to co-ordinate their diplomacy closely with Syria's pairon, the Soviet Union, and above all to avoid the appearance of taking sides. The West, whose support the Christian leader is so keen to obtain, should tell him firmly to drop his refusal to discuss political reforms before discuss political reforms before a Syrian withdrawal. And Moscow should exercise serious pressure on Damascus for restraint and flexibility. Only then will there be a prospect at

least of a pause for thought in

Nick Garnett and John Dwyer on the fortunes of manufacturing automation

n the Belgian mining town of Gosselles and in Decatur, an industrial community surrounded by the flat cornfields of Illinois, one of the world's largest beauty equipment makers is through heavy equipment makers is ripping

up its shopfloors.

Caterpillar, the US manufacturer of earth movers, is spending \$1.5bn to introduce much more automation into these two plants and the rest of its 30-factory empire. Huge, complicated metal-cutting machines are being linked by computer to automatic materials handling tracks and controlled through remote terminals. Within a few years, the company will have 2,000 computer workstations for its technical and design staff. The aim is to lower production costs by 20 per cent and sharply reduce the time it takes to design new products.

Caterpillar is merely one of the more spectacular examples of a world-wide trend. Manufacturing industry has got the automation bug. In the lead are electronics companies and the volume car makers which have spent tens of billions of dollars on factory automation; but the trend also encompasses many small component

Few of these projects are anywhere near the vision of people-free, paper-less factories that manufacturers dreamed about in the 1970s when the buzzword CIM (for computer inte-grated manufacturing) was invented. That vision proved hard to imple-ment; indeed CIM had fallen so greatly into disrepute by the mid-1980s that managers in the factory automation division of Litton Industries decided to ban the word as a description of the products they were

trying to sell. Many of the hopes of the past are still unfulfilled. And much of the current wave of automation is small scale, often no more than a few machine tools linked together by automated loading to form a production "cell"

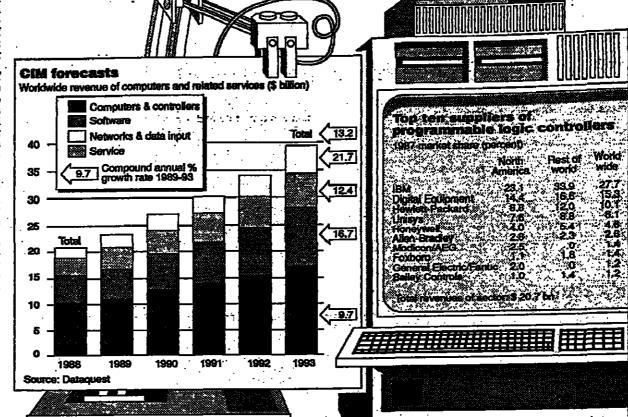
Nevertheless, there is a steadily increasing tide of expenditure on fac tory automation, an ill defined sector worth between \$35bn and \$50bn a year. Some examples of how sales are growing: world sales of automated dentification equipment are expected to double over the next five years to \$4.4bn. Sales of programmable logic controllers, the minicomputers which run automated machines, are now running at about \$2bn a year. Installa-tion of machining cells is growing in Europe at a yearly rate of 35 per cent.

Just as the market for automation equipment is at last starting to live up to the hopes of its early ploneers, suppliers are caught in a welter of merg-ers and takeovers - and some of those pioneers are getting out. In the past year Gould, the first supplier of

As the automation market at last lives up to the hopes of its pioneers, some of them are dropping out

programmable logic controllers — to Oldsmobile in 1968 – has sold its main controller business to AEG of West Germany; and Unimation, the world's first successful robot maker, hne au c US parent, Westinghouse.
Some of the turmoil is inevitable.

The automation industry is highly fragmented, covering a vast range of different equipment from computers and complicated software to high-tech cutting machines, robots and fancy forklift trucks. It has always been characterised by volatile alliances between companies selling different products. Extra pressures arose from the high costs of technical develop-



The factory of the future is at hand

ment and the long period of uncer-tainty in the early part of the 1980s when potential users tended to be wary of automation or naïve about its implications.

Recently, however, conflicts between supply companies have revolved around a series of specific

 The battle for the role of turnkey Low profitability in some product ctors, and the consequent departure

of the weaker vendors. The arrival of Japanese companies in several new export markets, posing an imminent challenge to Western equipment makers.

The first of these issues, the battle

for control of turnkey factory automation projects, is a struggle between two very different types of competi-tors: the advice arms of the Big Eight accountancy firms, which have become big computer consultancies; and electronics companies such as IBM, Digital Equipment and the Rockwell subsidiary Allen-Bradley, all based in the US, and West Germany's

In particular, IBM and Siemens are promoting themselves as big turnkey project contractors, sometimes in collaboration with consultancies.

range of automation equipment and is very strong in Europe. It has long been keen to get deeper into the US market, its Achilles heel, and was disappointed four years ago when it tried to buy Alien-Bradley but was outbid by Rockwell. It has now improved its position following a decision by Westinghouse to lumn some of its automatinghouse to lump some of its automation activities in with Slemens. IBM does not produce such a com-prehensive range. But it has identified

contracting as an important target and, on the basis of controlling the integration technology - the computers and software - acts as a "host vendor" for 30 or so other suppliers of equipment. Under the IBM name it sells, for example, computer aided design equipment made by Dassault of France and is bidding for a similar business put up for sale by Lockheed. "We see the automation market as

a key business in the future," says Mr Clark Preston, IBM's manager for industrial automation based at Austin, Texas. "It is an important role for us." Competitors say this is a strate-gic challenge for IBM, which has taken a pasting from Digital in the supply of factory floor computers and is struggling to cope with the rise of other suppliers like Tandem. "IBM wants to control the long term pur-chasing behaviour of customers," says

Digital, now struggling a little, and

Allen-Bradley have recently strength-ened their hand in a strategic link-up by which customers can buy a Digital Vax computer, an Allen-Bradley con-troller, relays, and other equipment as a complete system in a single box.

The emerging dominance of these players has been enhanced by the second issue, the way in which the poor kets has weakened some past rivals. Two good examples are Westinghouse of the US and the UK's General Electric Company (GEC). Both were initially well-positioned; and Westinghouse signalled its ambitions in the field by its purchase of Unimation, the robot pioneer, in 1983.

More recently, however, Westinghouse has lost ground, failing to achieve link ups with Fujitsu and Matsushita of Japan before deciding

on an alliance with Siemens. Wes-tinghouse spent little in the past few years on developing programmable controllers and appears to have made a strategic mistake in the early 1980s by selling its machine control division, an important linking technology. It has also pulled out of making

"Westinghouse has been trying for years to get some direction for the capability it possesses," says Mr Keith Wheeler, vice president for integration at Litton Automation. For its part, Westinghouse says it intends to stay in factory automation. It concedes, however, that the systems it now offers are not geared to mass production and much of the hardware they use are bought in from outside. Similarly, Britain's GEC has failed to break out from its traditionally strong base of such products as programmable logic controllers and

conveyors. It has now put these businesses in with an arm of CGE of France, leaving GEC with a 25 per cent stake in the new operation. Three product sectors - programmable logic controllers, robots and sophisticated forklift trucks - have been subjected to particularly severe

Programmable logic controllers. Gould the controller moneer sold its Modicon business to AEG because of a weakened market position that partly resulted from a long-standing tactical error. Gould had failed to design its systems in a a way that small users could be led into bigger systems and had lost ground to com-

There have been other changes of ownership in this field. Télémecanique, a French automation equipment supplier strong in programmable controllers was acquired last year by Schneider, also a French company. Allen-Bradley itself now has a partly defensive joint venture with Olivetti of Italy to make programmable logic controllers. And GEC's programmable controller business, sizeable but with restricted geographic markets, was part of last year's deal with CGE.

As a result of all these changes, the world's three dominant programma-ble logic controller makers are now Allen-Bradley, Stemens and Mitsubi-shi of Japan. There are a clutch of second tier producers, such as AEG and a joint venture between America's General Electric and Japan's

Robots. A similar shake out has occurred in robots. Many small companies dropped out before Westing house's Unimation also gave up. The market is now dominated by a handful of hig suppliers, including Asea of Sweden (which sells more than 2,000 whether a marker mother Fance inlate. robots a year; another Fanuc joint venture, this time with General Motors Kuka of West Germany, and a

wenture, this time with General Motors; Kuka of West Germany; and a few other Japanese suppliers such as Kawasaki. GM-Fanuc has just bought out a joint venture it had in robots with Eritain's 600 Group.
Sophisticated forklift trucks. The supply of specialist materials handling venicles is also rapidly being concentrated in the hands of a few large suppliers: Linde and Jungheinrich in West Germany. BT in Sweden and Raymond in the US. Small companies like Germany's Larf and Irion and much bigger ones such as Lansing in the UK have been gobbled up in the process.

The third issue affecting the industry is the new challenge emerging from Japan. Japanese companies are already large exporters of robots, machine controllers. A lot of machinery sold by Western companies is rebadged Japanese equipment.

badged Japanese equipment.

Now, Japanese manufacturers of equipment for car plants, like Toyoda, a sister company of Toyota, are entering the US market. They are already supplying the new Japanese car plants there, and are now trying to sell to US car companies too. This is an example of the Japanese companies' emerging push into systems sales, an advance on their current position as suppliers of stand-alone equipment. Japanese companies are spending a lot of money to acquire expertise in the technology for linking up factory systems, both through collaborative research and development in Japan and through links between Japanese and US companies.

Winners in the supply of automa tion equipment have begun to emerge but there will be no let up in the grinding, high-cost, mistake-ridden and highly competitive nature of the

Two groups compete to supply total systems: electronics companies and the advice arms of the big accountants

industry.

To be a winner, staying at the forefront of technology and possessing a vision - whether it is that of a big, broad-line producer in a particular niche producer - have proved essen tial. Some companies have success fully sought shelter by linking up with one of the big electronics groups.
For weak niche producers and middle sized companies with neither the commitment nor the money to keep their technology up to date, the long-term future looks bleak.

John Duoyer is editor of Advanced

Manufacturing, a Financial Times newsletter.

Heavier man at the SEC

■ Richard Breeden, the new chairman of the Securities and Exchange Commission, may be an unfamiliar name and face in the big banks and law firms of Wall Street. But he has compensating assets. In particular, he is likely to have much more political weight within the administration in Washington than any of his

recent predecessors.

Aged only 39, Breeden has been a member of the president's Texas mafia. He was a banking specialist as partner for four years in Baker and Botts, the leading Houston law firm founded by Secretary of State James Baker's family, after working from 1982 to 1985 as deputy counsel for then vice-president Bush. Since Jan-uary he has had the grand title of presidential assistant for issues analysis - which he has turned into the role of White House troubleshooter on domestic policy. Breeden co-or-dinated the administration's handling of the savings and loan crisis as well as the fed-eral response to the Alaskan

oil spill The successful enactment of the savings and loan legisla-tion after much tricky negotia-tion with Congress earned him the president's gratitude - and Mr Bush likes to reward loy-alty and hard work by putting people he knows well into key

positions. Mr Breeden will take over the US's main regulator of securities' markets with the unusual distinction of already having put together the largest financial rescue in the nation's history.

Ashen men

■ Lord "Tony" Trafford, a former Conservative MP and hospital consultant, was plucked from the back benches in the Upper House in the recent Government reshuffle to become Minister of State for Health.

Along with considerable medical knowledge, he brings to his department some consolation to smokers. Lord Traffaith to smokers. Lord Trai-ford smokes a pipe — the aroma of which will mingle well with the cigars puffed by his boss, Mr Kenneth Clarke, as they assess the effect of the stupefying weed on public health.

Reviver

■ Philippe Guilhaume does not know yet what his salary will be, but he knows he will have to work for it as he steps into the political minefield of

into the political minefield of French broadcasting.
As the new "superchairman" of the two French state television channels, Antenne 2 and FR3, his first job will be to revive two channels that have been steadily losing audience to their private sector composito their private sector competi-tors. This has not been helped by a long fin de règne period with their respective heads Claude Contamine at Antenne 2 and René Han at FR3 - knowing that they were to be

replaced by a single chief.
At first sight, Guilhaume does not appear to have the charisma of a Pierre Desgraupes - whose reign at Antenne 2 from 1981 to 1984 is recalled wistfully by his for-mer colleagues. But he starts with the advantage of a reputation for hard work and profes-sionalism, built at the televi-

sionalism, built at the verey-sion production company he now heads. Founder 22 years ago of the European Business School, he is also a prolific author. ranging from the economy and society of Cote d'Ivoire to biog-raphies of Jules Ferry, Nostra-damus and St Vincent de Paul.

But Guilhaume will need a poleaxe more than a pen if he is to fell some of the sacred



APARTHEID

cows of the state broadcasting system whose viewers have switched to the glitzier offer-ings of the commercial stations, especially TF1, the clear market leader. There are hints he may even resort to "Neigh-bours", the Australian soap opera which bubbles in millions of British households.

But he plans to start with a thorough reorganisation of the two channels. If you make do with a superchairman without shaking up the organisa-tions and the teams fairly thoroughly, you end up just putting a cherry on top of the cake," he says.

Right place

■ True to the best deal-making traditions, the Gold Fields of South Africa share sale was completed, not in an office, but late on Friday night in a VIP room at Amsterdam's Schipol airport.

The venue had to be the Netherlands because Gold

Fields held its block of GFSA shares via a subsidiary there. On hand were Humphrey Wood, one of the Gold Fields' managing directors, Gisela Gle-dhill, the company secretary, and Johann Rupert, managing director of the Rembrandt Corporation. Representing Han-son, Gold Fields' new owners, was Tony Alexander. From GFSA were chairman Robin Plumbridge and one of the directors, Bernard van Rooyen,

According to Wood, most of them went away in the early hours of Saturday morning happy with the outcome. "That is the way it should be with such deals — everybody should feel they got something from it."

For GFSA's Plumbridge the deal is something of a personal triumph: He has fought for years to preserve GFSA's independence from the other South African gold mining houses.

Now he is in control of its destiny with the health of Antarian tiny with the backing of Anton Rupert's Rembrandt Corporation. Between them they might well start a third force in South African gold mining, currently dominated by the Anglo American Corporation and Gencor. However, Plumbridge almost

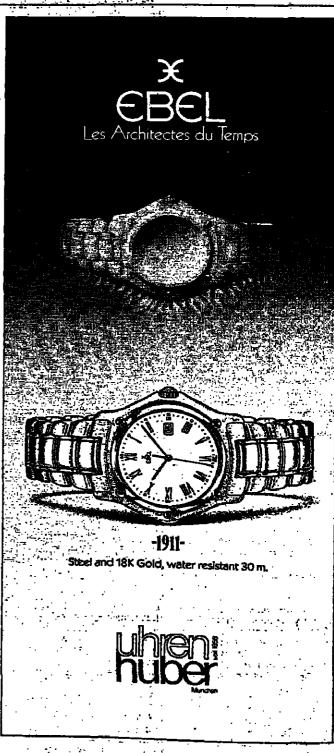
certainly will not be too keen on the price extracted by Han-son – a fat 23 per cent premium on Friday's closing

GFSA price.

The cuphoria of a deal well done did not spread to the Gold Fields' representatives who, along with others at the group's London headquarters, face the prospect of forced ... redundancy as Hanson starts cutting costs. The GPSA deal brought home to them that, although it took 101 years to build the Gold Fields group, it will take far less time to in the current vernacular unbundle it.

Your man ■ The chief of media relations at the US Internal Revenue Service is Mr Scott. D. Waffle.

David Lascelles





London transport merits Government investment

From Mr Tony Travers.
Sir, Your leader (August 10) about financing the Jubilee Line extension to Docklands makes the reasonable point that London travellers get the transport infrastructure they

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Whether or not the Jubilee Line extension or the two crossrail proposals get built depends, it would appear, on the Government's success in envincing a number of developers - and existing occupi-ers, presumably - voluntarily to put up cash to pay for part of the capital cost of new lines. This search for cash ignores the fact that the rising land values resulting from such transport infrastructure would produce extra income for the Government for years to come First, property owners would be able to charge higher rents

profits which would then be taxed.

Second, the promised fiveyearly revaluations of rateable values under the new national non-domestic rate would reflect rental values, leading to higher rates payments to the Exchequer.

Thus any rise in rental values resulting from new trans-port infrastructure would pro-duce a long-term income-flow for the Treasury. Moreover, the

introduction of the national non-domestic rate and a revaluation of rateable values in 1990 will increase the burden of business taxation in London by hundreds of millions of pounds. The Government should recognise this increase in decisions about the level of investment in the capital.

Tony Travers, The Greater London Group, London School of Economics, Houghton Street, WC2

'Engineering, like petty crime, just does not pay'

for their offices. These higher rents would lead to higher

From Mr Liam Mulloy, Sir, As an ex-mechanical engineering graduate, I am not surprised at the dearth of young people wishing to enter the engineering profession. If the "underpaid" and "over-worked" labels do not act as worked" labels do not act as sufficient de motivators, then perhaps a career path which culminates in the relatively low-level, lowly-paid title "chief engineer" should. The scarcity of engineers at board level in the UK bears testing.

mony to the fact that engineering, like petty crime, just does not pay.
As a recent MBA from City

University Business School, in London, it was interesting to note that over 60 per cent of our finance class was composed of disenchanted ex-engineers. Unless senior management take bolder steps to enhance career prospects for engineering graduates by, say, paying salaries equivalent to other professions (that is, not equivalent to other engineers), we could see the number of disenchanted engineers rising even higher. Liam Mulloy,

Price Waterhouse EC Services,

Social

From Mr Gordon J. Ratolins. Sir, GEC-Marconi has pub-

Sir, GEC-Marconi has publicly acknowledged the role that the professional institutions can play in maintaining the skill base of engineering personnel during career breaks ("Marconi offer subsidised mortgages," July 31), Many more firms — including smaller ones — should follow suit, with similar encouragement for all engineering employees.

The professional institutions are well aware of the importance of CET (continued education and training): today's world of rapidly changing technology makes a graduate's knowledge obsolescent three years after taking a degree. In conjunction with the Department of Training and training to the conjunction with the Department of Training and the conjunction with the Department of Training and the conjunction with the Department of Training and the conjunction of Training and the conjunction with the Department of Training and the conjunction of Training and the conjunction of the conjunct ment of Trade and Industry and the Engineering Industry Training Board, this institute has set up and organised a popular part-time awareness course on advanced manufacturing techniques, the first of its kind in the UK, with some

180 colleges and polytechnics participating. We also "teach the teachers." We have just finished an annual summer school where UK experts in their field

Bowled over and out

From Mr Ashley Huggins. Sir, May I add a footnote to

Alice Rawsthorn's interesting

article on bowler hats (July

once a year, on the first Sun-day in May, cavalry officers

past and present gather in Hyde Park and march to the

bandstand in bowler hats,

Needless to say, because it is

the only time in the year one is required to wear this form of

dress (for most of us), a large

amount of good-natured thiev-ing goes on during the previ-ous Saturday evening.

ing in chab changing rooms on Sunday morning, frantically

trying to replace the bowler hat that a colleague has just

swiped. I myself have spent an

entire Saturday evening going from pub to pub, "claiming" a "lost" black uminella which I

eventually laid hands on — as it happened, completely unusa-ble, but reasonably presentable

in rolled-up form.
Ashley Huggins,
Kingsway Rowland,
67-63 Whitfield Street, WI

From Lieutenant Colonel J.A.

Christie-Miller. Sir, Alice Rawsthorn's

article about bowler hats (July

31) has just been brought to my attention by a friend in the

south of France. She might be interested in the following: Mr J.L. Bowler and I are

both past masters of the Felt-

makers Company of London. I am the last member of the

christy family to be connected with the hatting farm which was founded by my great-great-great-grandfather, Miller Christy, in 1778. For six genera-

Officers are to be seen lurk-

chitching umbrellas.

You may not be aware that,

CAVALRY

CLUB

update college and polytechnic lecturers. This year we concen-trated on manufacturing in the electronics industry.

Companies and Government must do much more to encourage a greater number of tech-nologists and managers – male and female – to under-take in-career updating. Short-age of engineers is the result of narrow curricula, biased heavily towards analytical science. Japan produces nearly 10 times as many engineering graduates as the UK but only half the number of scientists. There is a lesson somewhere. Gordon J. Rawlins, The Institution of Production Engineers, Rochester House,

66 Little Ealing Lane, W5

From Mr John Pullin. Sir, Denis Filer's criticisms of The Engineer's latest quarterly survey (Letters, August 10) are unjustified and unjust. Our regular survey of attitudes has gained a strong reputation as a reliable barometer of the views of engineers and anagers who actually work in manufacturing industry.

To suggest that the views of 100 or so Engineering Assem-

ANOTHER

tions members of the family owned and managed this firm;

I joined in 1930, and retired in

facturers. When that company

owners, it reverted to the name

of Christy & Co. Production of "Bowler" hats

effect of treating the skins with

nitrate of mercury to improve

Christy's exported annually over im hard (bowler) hats

throughout the world. Informalities of dress began after 1918 - encouraged by the then

Prince of Wales - and after the end of the Second World

War in 1945 Christy's never employed more than 750 workpeople in the Stockport factory. Considerable mechanisation took place in the 1930s, acceler-

ating after 1945. I would be interested to

learn your authority for shel-

lac as an insect excrement - I

know it as resin, tapped from a particular tree in India.

John Christie-Miller,

Manor House, Bourton-on-the-Hill,

Moreton-in-Marsh.

ver fur.

FINE MESS

bly delegates, drawn from academia, consultancies and insti-intions as well as from industry, are more "representative" than a carefully structured sample of 434 engineers and managers working in engineering companies, is manifestly

The suggestion that ques-tions about industry's attitudes towards 1992 were "heavily loaded" is untrue, and does less than justice to the intelligence of the engineers and managers, many of them hold-ing professional qualifications, who responded to The Engi-

Despite the engineering industry's longstanding commitment to Europe and the singie market, many engineering managers in this country are clearly worried that 1992 repre-sents a threat, rather than an opportunity, for their compa-

That is an important fact, which your reporter Nick Garnett was correct to pick up on and which the profession, the industry and Government would do well to heed. John Pullin, The Enginee

30 Calderwood Street, SE18

Bolshoy loses on points

From Mr Michael Varcoe-Cocks. Sir, There have been glorious moments in the Bolshoy's ballet season at the London Coliseum, but Clement Crisp has hung up his critical facul-ties with Ulanova's pointe shoes if he can seriously assert that the company's director, Mr Grigorovitch, has given it "a new sense of purpose and sustained its undiminished excellence over the last 25

years" (August 9). In overall standards of production, technical skill, repe toire and communication of joy in movement," the Bolshoy is surpassed by New York City Ballet, the Kirov and the Paris Opera Ballet, and hardly keeps its head level with American Ballet Theatre, the Royal In 1988, following myzomatosis and the subsequent shortage and excessive price of wild English rabbit fur, our main

Neumeier's Hamburg Ballet.
Design, staging and lighting,
costumes and wigs have been raw material, I managed to generally second-rate or worse. There has been some fine dancmerge four other fur felt hat manufacturing firms into the Christy factory under the title, Associated British Hat Manuing, but the presentation of the company as a frayed circus rather than an institution with a great and cherished cultural was sold in 1980 to new private heritage has displayed equal contempt for dance lovers and first-time visitors alike. It is a from cheap rabbit fur was made possible by the discov-ery, in the late 1840s, of the disservice to your readers that your critic - almost alone among his colleagues - has

not pointed this out.
The Bolshoy was a great the felting properties of rabbit hair fibres, thus avoiding the need to include expensive beacompany and has some fine dancers. Its many friends, myself included, long for it once again to challenge the great ballet companies. Michael D. Varcoe-Cocks, From the 1880s until 1914, when war time supply restric-tions cut down this trade, 17a Nevern Mansions, Warwick Road, SW5

> Eau dear

From Mr L.A. Matthews Sir, You recently made inter-national comparisons of the cost of tap water, less than 11 per cubic metre in Europe. In a local shop a well-known brand of French mineral water is £1.54 for a pack of four 330ml bottles - equivalent to £1.17 per litre, or some 2,000 times

that of tap water. On an adjacent shelf, West German-packaged fruit juices are 62p per litre pack. L.A. Matthews,

PO Box 246, Burnham on Crouch, Essex

The debate on European monetary union

From Mr Peter Coldrick Sir, One of Martin Wolf's conclusions, in his article on European monetary union (EMU), was that "there must be no pressure for EC-wide common wages or working conditions" sided by the adoption of the Social Charter because this would exacerbate original and the social charter because this would exacerbate existing problems of low productivity regions (August 1). This is unconvincing. There are too many examples, in dif-

ferent parts of the world, of employers living in a cosy equilibrium, and not investing to raise productivity to pay higher wages because with weak or suppressed unions they have not had to. In the Community, the internal market and EMU are two the forces which will

severely challenge this sort of behaviour, and economists generally applaud this. They should equally applaud the growth of European-wide collective bargaining.
Mr Wolf would have been on

stronger ground if he had omitted the word "pressure." No one in the European trade union movement is suggesting that wages and working conditions across Europe should be equalised tomorrow. But, yes: as - say - British or Spanish workers become more aware of conditions in other countries they will make demands for wage levels more equal to those of say German or Bene-lux workers. This will add to – and focus – the pressures on their employers to up-grade their capital equipment and

investment generally. Of course it is wrong to believe that social progress can be sustained without economic progress, but have events in

China and in eastern Europe

not shown again that economic progress cannot be sustained without social progress, either? Peter Coldrick European Trade Union Confederation, Rue Montagne aux Herbes Potagères 37, 1000 Brussels.

From Mr Peter Robeson.

Sir, Martin Wolf's article
("The tricky aerodynamics of
EMU," August 7) reminds me that during the last great war - as I recall - the Miles aircraft team (which had success-

fully produced the Master and Magister training aircraft) designed an aircraft with its engine in the tail and its rudder at the nose. Its prototype flew (I watched almost with disbelief), but I do not think it ever went into service.

I have always thought (even since the Werner Report) that in considering how to arrive at enhanced European harmonisation, considerable problems could be produced by putting the monetary rudder at the front, the economic engine at the back.

But it seems that this may be what the Delors designers have in mind. Peter Robeson Thatchers. Happisburgh

Norwich, Norfolk

FOREIGN AFFAIRS

Time for a farewell to arms

Edward Mortimer submits that it is time to end weapons supplies to both sides in Afghanistan

fghanistan, of course,

was last year's story.
Actually it was this year, in February, that the last Soviet troops withdrew, but that is a quibble. They did so

to fulfil an agreement signed in Geneva in April 1988. This year could only be the endgame.

In terms of world attention

and arguably of geopolitical significance, that is still right. Civil war in Afghanistan, as such, has very little impact on

the rest of the world. What

made us sit up and take notice

was the deployment of Soviet troops in what had hitherto been a non-aligned country.

Even that would have caused much less worldwide outrage had the arrival of the

expeditionary force in Decem-

her 1979 not coincided so exactly with the violent over-throw of the Amin government and the killing of President

and the killing of President Haffzullah Amin himself. Changes of government do happen in the most diverse countries, and the precise role of "friendly" powers in bring-ing about those changes is often confroversial. But if you

are going to send troops into a "friendly" country, it somehow

looks better if the government

that invites you survives at least till the end of the wel-

Even had the government

survived, the West and much

of the Third World would have

been legitimately concerned about the Soviet troops once it

was clear they were actively involved in the war on the side of a government which could not claim any remotely plausi-

ble democratic mandate. Their concern would have been at least as legitimate as that of

the communist bloc and much of the Third World about the

involvement of US troops on

the side of a corrupt and not very representative govern-ment in Vietnam.

The Vietnam experience is

relevant here because there can be no doubt that it has

coloured US foreign policy

makers' whole attitude to the Afghan conflict. Vietnam

ceased, of course, to be a major

world preoccupation once the American troops left in 1973.

The Nobel committee awarded

its peace prize to the negotia-tors of the agreement, Henry Kissinger and Le Duc Tho. The

former cheerfully accepted.
Only the latter, perhaps because he was Vietnamese, felt obliged to point out that

Vietnam was not yet at peace. Few people outside Vietnam seemed to think that that mat-

tered very much, and even fewer would have been unduly upset if President Nguyen Van Thieu had remained in power

longer than he did (another

two years, as it turned out). If

come ceremonies.

With hindsight, it would have been better if Vietnam had been spared that "decent interval"; if there had been instead a ceasefire and a negotlated peace. Better still, per-haps, this would have enabled the South Vietnamese people to "decide for themselves the political future of South Vietnam through genuinely free and democratic general elections under international supervision. Ideally, these elections would have been organised by an interim coalition government in which the Thien regime, the Viet Cong and the neutral "third force"

ceasefire had broken down.

his regime had proved to be viable without having to be defended by American troops, many would have wished it good luck.

With Lindson and Lindson an

neither the Thieu regime nor the Viet Cong had the tiniest spark of trust in the other, and therefore not the slightest expectation of implementing the agreement even at the moment when it was signed. There was bound to be a fight to the death, and once the US had withdrawn it was a fore-gone conclusion who would win — especially as North Vietnamese troops had no inhi-bitions about continuing to support the Viet Cong once the In a sense, the US had legitimised this in advance by agreeing to a one-sided with-drawal and declaring its

Afghanistan is not Vietnam and the Afghan mujahideen are not the Viet Cong

were represented equally and all decisions taken unani-

mously. This, of course, is precisely what was prescribed by the Paris Peace Agreement of January 1973, except that the body to organise the elections was not called an interim govern-ment but a "National Council of National Reconciliation and Concord" (so that the two rival zovernments could remain in existence until the elections were held). The Council was supposed to be set up through consultations between the two South Vietnamese parties "immediately after the cease-fire." But the two South Vietnamese parties were unable to agree about anything, the Council never was set up, and

respect for "the independence, sovereignty, unity and territo-rial integrity of Vietnam." Yet most Americans continued to think of South Vietnam as the victim of aggression, to whose help they had legitimately gone, and of North Vietnam as an external aggressor which had defeated them dishonourably in an unjust war.

That experience, with its grotesque climax on April 29 1975, when the US ambassador and his staff had to be rescued from their embassy by helicop-ter, is burned deep into the American psyche and especially into the memory of America's foreign policy mak-

Most of them did not expect the Soviet Union to suffer

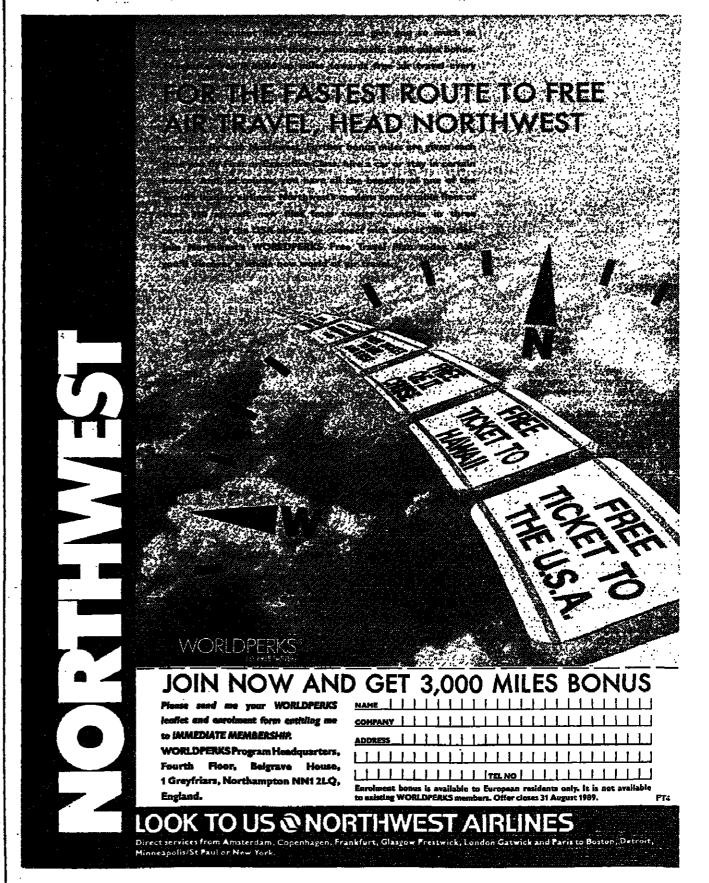
defeat in Afghanistan, but only because they knew that they had lost the Vietnam war not in the jungles of Vietnam itself but on the streets and cam-puses of the United States. Obviously the US was stronger than North Vietnam, but it was also a democracy whose people were unwilling either to bomb Hanoi into the stone age" or, after a time, to accept the apparently unending sacrifice of their own sons for the freedom of lukewarm and unworthy allies. The Soviet government it was assumed government, it was assumed would have no need to pay attention to such scruples. But at least it should be made to pay the full cost of its mistake, both in military and economic resources and in terms of its international political stand-

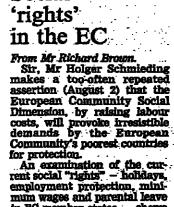
ing.
As it turns out, the political cost to the Soviet regime was higher than had been supposed, and the nature of that regime has undergone a change which no one expected. Like the Americans in 1973, the Russians have cut their losses and got out. The parallel has proved so surprisingly close that Americans assumed that it would be followed also "on the ground." Kabul would fall to the mujahideen as Saigon did to the Viet Cong. Indeed, so sure were many in Washington of this that they did not even expect to have to wait two years. They thought it would be a matter of weeks or at most months. But Afghanistan is not Viet-

nam. The mujahideen are emphatically not the Viet Cong, and any attempt to cast Pakistan as North Vietnam will certainly invite disaster. The Kabul regime is actually holding its own without Soviet troops, though admittedly with massive reinforcements of Soviet weapons. The US is now said to be belatedly trying to match these with new supplies to the mujableen, at a time when the latter seem increasingly be turning their weapons against each other.

Does this policy really lead to anything but more devastation in a country which has suffered far too much? Mr Gorbachev is now offering the "negative symmetry" of ending arms supplies to both belliger-

Some mujahideen are now willing to explore Kabul's offer of a ceasefire and an interim government in which power would be shared pending elec-tions under the presidency of a neutral "third force," perhaps representing ex-king Zahir Shah. Should the US not encourage those mujahideen, rather than urge them on to yet another attempt at military victory?





mum wages and parental leave in EC member states — shows that the citizens of "poor coun-

tries" like Portugal enjoy a high level of rights.

Increased costs will be

incurred by employers in "rich" countries like the UK,

where the level of protection is

The competitive position of countries like Portugal in relation to the UK is therefore

more likely to improve as a result of the European Commu-nity Social Dimension — not

While the Social Dimension

may well push the European

Community towards a more protectionist stance, it would

be wrong to blame the

British Institute of Manage-

Sir, I enormously enjoyed

article ("The irrelevance of micro reforms," August 4). I only wish there were more such articles in the Financial

Times instead of the continual

extrusion of theories which have, at best, only accidental relationships with the real

As your correspondent so

excellently puts it. The dan-gerous rigidities lie not in the

economies but in the minds of

His article compensates for a

economists."

Edmund Dell.

4 Reymolds Clase, NW11

"poorer" countries. Richard Brown, Head of External Policy,

64-78 Kingstoay, WC2

real world.

From Mr Edmund Dell.

In touch

with the

0932-231055

A BICC Company

FINANCIAL TIMES

Tuesday August 15 1989



Rain dampens anniversary in N Ireland

By Kieran Cooke in Londonderry

IN NORTHERN Ireland, where anniversaries grow and multi-ply. Rev Samuel Poyntz, Church of Ireland Bishop of Conor, was yesterday moved to voice his feeling that enough is enough, with an appeal for an end to commemorations.

On the 20th anniversary of the deployment of British troops in Northern Ireland, the weather, however, more than the Bishop's appeal, was proba-bly the main contributor to keeping people off the streets.

In Londonderry, where British troops had taken up their first positions in the province, a torrential downpour lasted for much of the afternoon. The bishop, meanwhile, warned: "If we continue to dwell on the past, there can only be a continuation of the

misery-go-round "Is it possible for us to leave the commemoration of past events behind, at least until the situation has cooled down

and instead to emphasise the opportunities of the present and the future?" In Londonderry, the centre of the city was closed off for some hours because of bomb hoaxes, while soldiers checked virtually every car entering and leaving the area within the

ancient city walls.

But by the standards of Northern Ireland, things remained fairly quiet. Pickets were mounted outside several army bases. In Belfast and in Londonderry, buses were hijacked and set alight.

At one stage, the Royal Ulster Constabulary fired plas-



in west Belfast For days both Belfast and Londonderry have been bristling with camera crews, photing with camera crews, pur-tographers and newspaper peo-ple, with hotels fully booked and car hire companies doing

The police saw the media

A woman shouts abuse at a soldier in West Belfast on the 20th anniversary of the arrival of the troops. invasion as being responsible for much of the trouble. One RUC chief inspector, speaking at the scene of rioting in west Belfast, said: "I'm honestly convinced that the presence of camera crews is keeping this

The media, however, has

found little action, although there is always plenty of dra-matic footage available of sol-diers, armed with high-velocity weapons crouching in door-ways, while armoured cars and check-points remain normal sights. On the political front, Mr Ian

many since the Second World

dynamite and understandably evokes sharply different reac-tions among the authorities in

Bonn and East Berlin, But

even the treatment given to the inaugural flights was tell-

ingly different on either side of

While the resumption of ser-

vices was treated as a big political event in the West, with red carpets, brass bands and appro-

priate political statements,

there was a much more

low-key approach in the East. For officials from Interflug, the

East German national airline,

the new flights were just "an extension of our existing ser-

the new service is that West Germans will be able to buy

tickets for their relatives in the

East. At DM422 (\$222) for an advance purchase fare it should not leave too big a hole

in the pockets of many West

How many of the young Leipzigers peering forlornly into the window of the "Inter-

national Bookshop" in one of

the city's main shopping streets will be able to take

advantage of the offer is another question. The display

of Icelandic, contemporary Romanian and Albanian gram-mars was about all that is

available in East Germay to

feed their imaginations. Hom-

garian phrase books were con-

One important gimmick in

the border.

The Wall remains political

Paisley and Mr James Moly-neux, the Unionist leaders, told Mr Peter Brooke, the Northern Ireland Secretary, talks and political progress could not start until the Anglo-Irish Inter-Governmental Confer ence was suspended and its secretariat in Belfast closed.

UK fax Divided by more than the Wall Haig Simonian on reasons for the exodus from East Germany

UTSIDE the Capitol cinema the stragglers are leaving the last performance of "Dirty Dancing." already into its sixth week.

Just down the road, some teenagers are lounging at the door of the Tanzbar dance hall, with three bored-looking policemen watching from the sidelines.

It is 10.30pm on a hot week-day night in Leipzig, the sec-ond biggest city in the German Democratic Republic. Not

But it is not boredom which has driven thousands of East Germans to leave their homes and livelihoods this year to start anew in the West. Instead the exodus, which

has provided a further twist to the never-easy relations between the two Germanys, is a continuing sign of the pres-sures mounting on the authorities in the East when many Eastern bloc neighbours, not least the Soviet Union, are opening up.
According to Mr Matthias

Schmitt, a young East German baker who fled to West Germany via Hungary and Austria last week, lack of freedom and self-expression, rather than material well-being, are the main reasons behind the current departure wave.

While about 100,000 East Germans will probably be allowed officially to resettle in the West this year, breaking the previous record of 41,000 in 1984, a further 1,600 are already estimated to have slipped across the border since the barbed wire between Hungary and Austria started coming

down three months ago. With the summer holiday season at its peak and a record number of East German tourists in Hungary this year, some grate is taken virtually on the inhabitants, can least afford to

Continued from Page 1 tember elections. National Party officials

believe the President's erratic

behaviour has been a factor in

the decline in support for the ruling party reflected by public

however, that the damage done by the latest crisis may not be

of campaigning yet to come, they believe the National Party

Political analysts stress,

reversible. With three weeks

opinion polls.

Hungary's Foreign Minister, Mr Gyula Horn, met State Secretary Mr Juergen Suedhoff of the West German Foreign Ministry for talks about East Germans refusing to leave Hungary unless they were allowed to emigrate. The talks are understood to have dealt with the possible humanitarian

solutions" to the problem.

West Germany announced that its Embassy and Consulate in Hungary would close indefinitely to the public Page 2

spur of the moment. But for others, especially those with families, it is much more a careful case of long thought followed by weeks of prepara-

Mr Schmitt, who was plucked off a morning train from Vienna by a waiting West German television crew, was one of the lucky ones. His candid interview on a national news bulletin may already have won him a ticket out of the refugee reception centre at Giessen, an hour's drive north of Frankfurt, which is the temporary bome for the current flood of East Germans.

But if a recently-leaked West German intelligence report is anything to go by, Mr Schmitt is just one of many who are hoping to make the journey west. Between 1m and 1.5m East Germans have applied for permission to leave the Republic for good, a drain of up to almost 10 per cent of the popu-

lation. Quite apart from being pen-sioners, who have been allowed to cross the border freely for some time, many of the latest applicants are the young, better educated and urban workers whom a relatively small country such as East Germany, with 16.6m

could capitalise on the resigna-

tion by arguing that the party had shed a political liability by

ridding itself of the unpredict-

able President. But much will

depend on the behaviour of the likely successor, Mr F W de Klerk, over the next few days.

Mr Botha's decision to resign

is clearly a triumph for Mr de

Klerk. He must now consoli-

date his authority over the

party he hopes will form South Africa's next government.

because the capacity to aid the Rast German refugees " was totally exhausted." The Budapest embassy was closed on Sunday.

Meanwhile, East Germany denounced Western media for distorting the 'truth.' An article in the Communist Party daily Neues Deutschland set out the merits of East Germany's justice system, saying crime rates were far higher in West Germany.

But the refugee wave also creates challenges for Bonn. Last week saw the closure of its permanent representative office in East Berlin, Crammed with 130 East German asylumseekers, the West German government said the mission could no longer function. More important, locking the doors prevented the arrival of any more uninvited guests.

This weekend it was Budapest's turn. A doctor from the Bonn Foreign Ministry has been sent to look at the condition of some 180 East Germans already ensconced in the embassy. Meanwhile, an unknown number of East Germans are in the West German

mission in Prague. The East German authorities are maintaining a tough stance. The refugees in the West German mission in East Berlin have been guaranteed freedom from punishment if they leave, but no more.

By contrast, previous such groups were promised that their emigration applications would be "favourably" consid-ered. Nor has Mr Wolfgang Vogel, the East German lawyer who has often been a key middle-man in humanitarian cases between the two governments,

directory fraudsters As often in East-West Ger-As often in East-West German relations, the latest events have been played out against a piquant background. The past week has marked not only the 28th anniversary of the building of the Berlin Wall but also the first direct regular air links between the two halves of Germany since the Second World investigated

By Ian Hamilton Fazey in Manchester

AT LEAST five international fax directory frauds are believed to be operating in Britain this summer as frauds ters take advantage of senior managers' holidays.

They hope inexperienced junior staff will sign or pay spurious invoices posted from the European mainland for proposed entries in non-existent directories.

The fraudsters are using British Telecom's new fax directory as their source mate-

The first was published this year and entries were free. British Telecom staff checking entries for the next issue are advising customers who ask them about "involces" received from abroad to contact the police.

Merseyside Police fraud squad said yesterday: "The fraudsters just rip out the pages and farm them out to banks of typists to copy the names and addresses. They do it totally indiscriminately, as witnessed by their being daft enough to send invoices to us

To evade the law fraudsters prepare the bogus invoices in one country but post them, at cheap "junk mail" rates, in another

The giveaway has a different return address and country on the envelope to that where the documents inside say money or orders should be sent.

The latest fraud, and biggest in money terms, surfaced with yesterday morning's post in Aberdeen, Scotland.

Many businesses received an offer disguised as an involce for a Hamburg-based "International Trade Directory."

The amounts asked for were

\$785 a year for five years. Aberdeen Chamber of Commerce issued an urgent warning to members not to pay.

Mr Derek Marnoch, the director, said that another current fraud was offering an entry in a fax directory for SFr4,000 (\$2,400).

Police believe the rapid spread of fax machines has created tens of thousands of new potential victims for what in West Germany is called "white collar fraud." The frauds used to involve proposed "international" telex

directories, none of which ever appeared. The practice of sending such spurious involces is illegal in Britain Ms Jocelyn Jackson-

Matthews, of the Association of British Chambers of Commerce, said yesterday.

"It is irrelevant whether or not it is against the law in the country where the documents

"Under British law, you

don't have to pay even if you are tricked into signing what the fraudsters then try to enforce as a contract," Police believe the fraudsters' return is between 2 and 5 per

cent of malled "invoices."

Wasserstein's cash and carry

The imminent resolution of the deadlock over Gateway may make good sense operationally, but it puts some of the particl but it puts some of the partici-pants in a less than flattering light. In particular, Wasser-stein Perella's first major foray into the UK has been an almost unqualified disaster. It may have managed to piggy-back itself and its clients into 40 per cent of a deal conceived and executed by others. But it and executed by others. But it did so by paying up to 245p for shares which it will now sell for 30p less; and to make up the difference, it must rely on the stub equity devised by its chief local rival. Warburg.

It is also going back on a quite explicit undertaking not to accept the isosceles offer.

Never mind that the promise was viewed with a certain cyn-icism in the market at the time, or that the Takeover Panel is now apparently minded to let Wasserstein off the hook. Accusations of bluffing at the time were met by vehement protestations of good faith and the binding nature of

the undertaking.
If Wasserstein has inferred from observation that the let-ter of the rules in London counts for more than the spirit, it cannot be blamed for that; but it was perhaps unwise to test the principle so unsubtly at the first attempt.

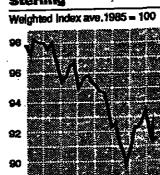
Yesterday's fall in the Lon-don market had all the superfi-cial signs of a routine correction: indeed, 28 points was perhaps not even that, given the 200-point rise in the past six weeks. The meagre turn-over also made it look no more than Monday morning blues at the start of a three week account. The jerky movement of prices, however, suggested something more worrying.

Quite suddenly, everybody seems to have lost confidence in the rally, while being more than usually clueless about what happens next.

The market is waiting for

some fresh excitement, either from Wall Street or from another big corporate raider, to keep the party alive; and failing either, yesterday's fall is unlikely to be Indeed, if the FT-SE moves almost 30 points as soon as the institutions stop buying, one fears what it could do if any of them actually decided to sell.

That does not mean that yes-terday's idle talk of another 1987 should be taken seriously. Neither does it mean that the latest genuine causes for concern should be ignored. While ment buyouts are falling to pieces all around, the



economy is also starting to look weaker than anyone

There was nothing ambigu-ous in yesterday's retail sales numbers: 14 per cent base rates are at last crushing the con-sumer. And while rises in real wages are likely to mean there is some growth in the High Street this year, it may not be much more than 1 or 2 per cent. The market might not have minded if it had meant lower interest rates were on the way; but with sterling far from secure, it will take more than yesterday's good producer price numbers to nudge the Chancellor into an early move.

Hanson/GFSA

If the recent sharp drop in the share price of Hanson's most recent disposal - Smith Corona – is any guide, would-be buyers of Hanson cast-offs would be well advised to observe the old principle of

Hanson's ability to buy cheap and sell dear never ceases to amaze, and yesterday saw the first evidence of the sort of profits to be had from its break-up of Consolidated Gold Fields. South Africans here been used to having back have been used to buying back their companies from frightened international investors at a substantial discount, but Hanson has managed to sell the bulk of its stake in GFSA at a 23 per cent premium to the current market price.

In addition it has neutralised GFSA's minority stake in Gold Fields, which would been a potential problem if GFSA's obvious desire to remain an independent entity had not been dealt with sympatheti-cally. While yesterday's 19 per cent rise in Hanson's third

quarter pre-tax profits was ahead of expectations, the 40 shead of expectations, the 40 per cont plus outperformance of the Hanson share price over the last year owes an awful lot to expectations that Hanson can continue to make above average gains on its asset shuffling. In this respect, the sale of the much higger Newmont stake will be a far better test of Hanson's marketing skills.

Stock Exchange

Try as one might, it is hard to see much comfort for member firms from the Stock Exchange's latest Quality of Markets report. Looking at 1989's second quarter, the price war between market-makers has cooled down from last autumn's peak, but hostilities remain distinctly warm. At the end of June, the average spread between bid and offer prices on alpha stocks was 1.87p, still 20 per cent short of the 1.71p in the summer of

Increasing volumes will have eased the plight of securities houses to some extent, but not much: for the four months to June 30, average daily turn-June 30, average daily turnover stagnated at about £1.55hn. And the evidence still is that too few securities houses will admit defeat and exit gracefully from marketmaking. On the contrary, it is striking that for 117 of the 146 clobe stocks, the number of alpha stocks, the number of market-makers has actually risen since March.

Mining bids

The corporate upheavals now under way in the world mining industry bear an uncanny resemblance to the massive restructuring of the oil industry a few years ago. Mining companies have sud-denly decided that it is cheaper to buy mining properties in the stock market than to explore for them, and judging by the number of predatory stakes which have been built up, few companies are invulnerable. Yesterday, Canada's Noranda emerged with a Swedish part-ner in the auction for Falconbridge and there may well be others in the wings.

rich companies eager to buy deeper into an industry which is already well past the top of its earnings cycle is reason for some nervousness. However, Falconbridge is selling at less than 4 times cash flow and the downturn in metal prices is unlikely to be anywhere near as severe as in the past. And after all, the companies are buying into an industry they already know.

FT4B

FOCUS ON THE U.S.

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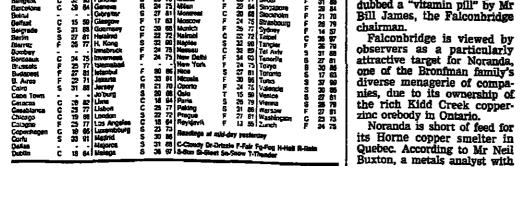
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WORLD WEATHER

Botha resigns presidency

Noranda, Trelleborg bid

Continued from Page 1 war would develop. By noon on the Toronto stock exchange, Falconbridge shares were up

Under the terms of the new offer, Noranda and Trelleborg, a conglomerate which is one of Sweden's most successful companies, would jointly purchase for cash all outstanding Falconbridge stock, managing the acquired assets on a 50:50

The bid is conditional upon acceptance by holders of at least 25m of the shares out-standing. The bidders have been advised by Falconbridge that the offer will not by itself activate its newly-minted shareholder rights plan, dubbed a "vitamin pill" by Mr Bill James, the Falconbridge

Falconbridge is viewed by observers as a particularly attractive target for Noranda, one of the Bronfman family's diverse menagerie of companies, due to its ownership of the rich Kidd Creek copperzinc orebody in Ontario. Noranda is short of feed for Shearson Lehman Hutton in London, the acquisition of Kidd Creek could augment the group's in-house copper-con-centrate supplies by 110,000-120,000 tonnes per annum. Production problems and

lower metal prices have eroded Noranda's earnings in the year to date after the company's record-breaking 1988 performance. Last year, operating income soared to C\$658m on revenue of C\$8.94bm. The minerals unit's contribution was C\$203m on revenue of

Trelleborg's aggressive

past two years has proved a great success, helped by the boom in metal prices, particularly for zinc and copper.

a 63 per cent net profits

spicuous by their absence.

During its year-long pursuit of Falconbridge, Noranda amassed 28.8 per cent of out-standing stock at an average cost of C\$24 a share. acquisitions strategy over the

The group, which has interests in mining, metals, plastics, chemicals and rubber, more than doubled net profits last year to SKr2.01bn from SKr916m, while in the first four months of 1989 it enjoyed



FINANCIAL TIMES COMPANIES & MARKETS

TAYLOR WOODROW

Hoylake's

Farmers

trustees

may earn

\$100,000

By Nikki Tait in London

THE THREE trustees who would

temporarily supervise the US insurance subsidiary of BAT Industries if the £13.5bn (\$21.6bn)

all-paper bid from Sir James Goldsmith's Hoylake consortium

is successful, stand to earn more than \$100,000 each for their ser-

Hoylake's plan envisages an

Tuesday August 15 1989

INSIDE

PARTNERSHIP. RIBUTION

MINEWILL

The same of the sa

Lilley constructs a bid for Tilbury



unlikely to win its bid battle for rival group Tilbury. The latter has achieved earnings-per-share growth of 33 per-cent a year since 1984, whilst Lilley had to suffer a £50m loss in 1986, caused by problems at its US subsidiary. But

picked up 9.8 per cent of Tilbury in the market and has persuaded its largest single share-holder, fund manager John Govett, to give irrevocable acceptances in respect of a 14.1 per cent holding. And Mr Bob Rankin, Lilley's chief executive (above), believes that merger with Tilbury will create a company capable of meeting the challenges of the 1990s. Page 22

Ireland leads the field

The Irish stock market was propelled sharply higher last week due to the plan hatched by Jefferson Smurfit, the industrial corporation, to regroup its US businesses and then borrow heavily against the new venture. The Irish market's 6.2 per cent jump put it in top place in the world performance league in a week of healthy gains in most markets. Denmark was one of the few exceptions, tumbling 5.9 per cent amid political wrangling over tax reforms. Page 38

Savage prays for rain

Savage Group, the USM-quoted DIY and hardware group, is not a fan of the hot summer. Yesterday it blamed the weather, as well as high UK interest rates and the slow UK housing market, for its gloomy profits warning of littie over £7m for the year, compared with analysts' forecasts of between £11m and £11.5m. Its shares promptly fell in London by 40p to 110p. Page 22

Elders special brew



The Elders saga has moved on a stage. The company's board

some of its own members to buy shares in the group, following a report from First Boston
Australia that the offer of AS3 per share was
"neither fair nor reasonable". The offer officially came from Hartin Holdings, a private
vehicle company controlled by Mr John Elliott,
the Elders of Elders At face value, the First directors of Elders. At face value, the First Boston report is likely to encourage shareholders not to accept Harlin's on-market offer, for which it has had to arrange A\$6bn In financing. This may be in line with Mr Elliott's intentions, but no one knows for sure, and no one is prepared to predict the outcome. Page 18

Shifting mineral sands

In the rolling sands of Australia and southern' fact, in the past month new mineral sands mining ventures have been announced in Australia, South Africa and Mozambique. One reason is a worldwide shortage of titanium dioxide, used as a white pigment and to produce titanium metal, and of zircon, used to make moulds for steel casting. Both these materials come from sand deposits, and companies are busily expanding their sand mining activities. But the announcements have also raised questions about a future glut. Page 26

Market Statistics

European options, tech FT-A indices FT-A world indices. FT int hand service

London stare service London traded options London tradit, options Money markets New int. bond issues World commodity prices World stock mid indices UK dividends announced

trading group.

Adidas and Puma.

to threaten the German giants,

Suddenly it was stylish for Man-hattan socialites to wear sneak-

ers for shopping, as well as at the gym. The sports shoe craze also spread to the back streets of

Brooklyn and the Broux.

Then the fitness fad moved to
Europe and Asia-Pacific. Worldwide sales of sneakers soared

from about \$4.5bn in 1985 to \$9bn

last year.
The beneficiaries of the boom

have been the new US companies, which swiftly outstripped Adidas and Puma thanks to the

combination of sharp styling and

low-cost sourcing in the Far East. Reebok made sales of \$1.8bn in

1988 and Nike mustered \$1.2bn.

LA Gear started out six years ago

as a shop in West Hollywood and

is now a \$224m business thanks to the success of the Hot Shot, its

baseball-style shoe designed espe-

Adidas and Puma not only lost market share, but lurched into

Adidas has responded by mov-

losses in the US.

The new companies' shoes were not only better suited to the sports of the 1980s - jogging and aerobics - but they looked good.

Companies in this section

19 KKR

Argos Asko BAT Industries Bank Julius Baer Asko
BAT Industries
BATI Industries
Lowndes Queerisway
MAI
BATI Industries
Lowndes Queerisway
MAI
BATI Industries
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MAI
BATI Industries
Lowndes Queerisway
MII & Scot Group
Noble & Lund
Noranda
Pantland Industries
Cooking Cooking In

Drexel Burnham Email 18 Royal Sovereign F&C Enterprise Trust 24 Savage Group Falconbridge 1 Sea Containers

GEI International 19 Tiphook 23 Trelleborg Howard Holdings ISS

KNP Koor industries s Quotron Radio Chiltern 18 Red Funnel Group 19 Reuters 18 Rothmans Holdings Seaman Furniture

Yale & Valor

TDG

Ward White

Chief price changes yesterday 920 + 25 Faille 929.8 + 14.8 Hewist Plot Philip Morris Asko
Holzmann 829.8 T.
Falls
Cul Versich 1900 — 90 T
Kauthof 511 — 4.9 /
Poreche 830 — 20
604 — 11.1 New York prices at 12.30.

ing production from Europe to the Far East and by rationalising Puma suffered severely. It broke even in 1988 after two successive years of losses. Earlier this year it sold its US subsidiary to a management buy-out. A few weeks ago it concluded negotia-tions with Cosa, which now con-trols the company. As the Europeans struggle to become competitive, the battle between Nike and Reebok is fier-cer than ever. Nike floundered in the mid-1980s but, after an aggressive marketing pro-

Most of Gold Fields' GFSA stake sold

By Jim Jones in Johannesburg and Kenneth Gooding in London

ONLY ONE week after winning control of Consolidated Gold Fields for £3.5bn (\$5.6bn), Hanson, the acquisitive UK conglomerate, has started selling off assets. It will receive £368m cash for the bulk of Gold Fields' stake in Gold Fields of South Africa

It is the biggest single divest-ment by an international group from South Africa, but Hanson is

announced yesterday is to give GFSA joint control of itself with Rembrandt, the international tobacco and drinks group, as its

The price of £15 a share repre-

Fields chairman, said: "I am very pleased that we have achieved such a full and fair value and that the transaction ensures the long-term future of GFSA as a major independent mining

quired 7.5 per cent shareholding in Gold Fields as a lever to ensure a safe home for Gold Fields' GFSA stake. As part of yesterday's deal GFSA will assent its Gold Fields holding to the Hanson offer. This makes it much more likely-that

his company's strategically-ac-

"We expected GFSA to be the first to go - but not within a week," said Mr Euan Worthington, head of the mining team at S. G. Warburg in London. "It is a pretty good price considering there is to be no bid for the rest of GFSA."

Mr Worthington said it was likely that the Reserve Bank of South Africa had resisted the sale of all Gold Fields' GFSA stake because of the drain it would have imposed on South Africa's foreign currency reserves.

As it stood, the sterling col-lected by GFSA for the Gold Fields stake more or less

matched the money going out to Hanson, he pointed out.

Mr Martin Taylor, deputy chairman of Hanson, said the GFSA deal was "relatively unique" and did not indicate there would be other swift dispos-

Rembrandt already had 10 per cent of GFSA and pre-emptive rights to 79 per cent of Gold Fields 38 per cent shareholding in GFSA.

When the present deal is completed, about 40 per cent of GFSA's issued ordinary shares will be jointly controlled by Rembrandt and a company called Asteroid, in turn jointly owned by GFSA and Driefontein Consol-idated.

GFSA also has effective control

of Driefontein via a minority shareholding and a managemen contract.

Mr Hans Knoetze, a Rembrandt official, said his company would transfer £120m to Britain through the financial rand market. Johan-nesburg stockbrokers estimate the cost to Rembrandt will be in the region of R700m to R800m, depending on the transaction's exchange rate.
Mr Knoetze added that Rembrandt would need to borrow an unspecified amount to finance Mr Plumbridge welcomed the

outcome and said GFSA's UK parentage had become somewhat restrictive. Sanctions and divestment pres-

sures had made Gold Fields reluctant to increase its invest-ments in South Africa and this had prevented GFSA from raising

additional capital.

The South African group has two large mining projects in the pipeline – the Gamsberg zinc venture in the northern Cape and the Kalkoenkrans gold prospect in the Orange Free State - and will need to raise additional cash to finance its Northam platinum and Venterspost gold mining developments within the next

modestly upgraded; Warburg

Securities, for example, was going for £1.07bn before tax.

Hanson shares, already ahead

on the Gold Fields of South Africa deal, closed with a gain of 2p at 241p in London – despite

yesterday's weak market. How-

ever, most analysis suspect that the shares' momentum will now

depend on the speed and success

interim trust arrangement for Farmers Group, BAT's US insurance company, pending the sale of this subsidiary to a new owner. The arrangement is a key part of Hoylake's attempt to gain approvals from the US state insurance commissioners, which are essential if the bid is to suc-Hanson's nine-month profits increase by 23%

According to the new filings made to the commissioners by Hoylake last week, the three trustees - who were named last Wednesday - received \$50,000 on the public announcement of their names. They will receive a fur-ther \$50,000 if the voting trust is

Thereafter, they are paid on a daily basis for work put in. The rate is \$5,000 for each day substantially committed to these services – somewhat higher than the figures being mooted last week. "Reasonable out-of-pocket expenses" will be paid on top. The three trustees who have

agreed to serve are Mr Daniel Evans, a retired US senator, Mrs Hufstedler, a lawyer and a former federal appeals court judge; and Mr David Sherwood, an ex-presi-dent of the Prudential Insurance

Company of America.

The revised "Form A" filings also include a fuller trust agreement. Hoylake envisages that, if the bid succeeds, the holders of the Farmers' shares would be Marshall Fields, Appleton Papers and Saks - three other US sub-sidiaries of BAT. The powers of the trustees are spelt out in more detail in the new documents, but it is clear that certain matters such as the disposal of Farmers or any substantial part of its assets, or any acquisition of assets – would still require the agreement of both the trustees and holders of Farmers' stock. BAT maintains that the filings remain incomplete - pointing particularly to the absence of any

financing plan for Farmers. Meanwhile, Hoylake's merchant bank adviser, Hambros, is expected today to submit reasons supporting its valuation of the offer to the Takeover Panel, the UK watchdog on bids and deals. The value of the offer has been queried by BAT and its advisers. Until the Panel rules, the bidder has agreed not to acquire any

It is clear that Mr Robin Plumbridge, GFSA's chairman, used

still left with an 8 per cent share-holding in GFSA and minority stakes in four other companies in that country.

The effect of the deal

sents a 23 per cent premium on GFSA's closing price on Friday. Mr Rudolph Agnew, Gold

HANSON, the UK conglomerate

HANSON, the UK congiomerate which began disposing of parts of the recently acquired Consolidated Gold Fields group yesterday, also unveiled pre-tax profits of £742m (\$1.2bn) for the nine months to the end of June. This managed with £205m for the

compared with £805m for the

same period last year, a rise of

Sales rose to £5.12hn compared

with £4.48bn, excluding £1bn in

sales from businesses since sold. In the latest three month period,

By Nikki Tait in London

Hanson will acquire the 90 per cent it needs to mop up the rest of of the company and eliminate Gold Fields' stock exchange quo-

There was surprise in London at the speed at which the disposal had taken place.

Hanson made pre-tax profits of

£295m against £249m in the pre-

month's contribution from

Kidde, the US conglomerate acquired by Hanson in late 1987.

months is put at £175m com-pared with £139m for the same period last year, with fully

diluted earnings per share up from 11.1p to 12.9p.

Street fashion picks up

pace as fitness fades

Alice Rawsthorn reports on how manufacturers are

trying to cope with changes in the sports shoe market

The tax charge for the nine

Below the line, there was an extraordinary item of £337m — the profit realised on disposals — compared with £231m raised vious year.

The nine-month figures for the current year include an extra in the period in 1987-88.

As usual, Hanson elaborated little on the nine-month figures, stating only that the good progress reported at the interim stage continued into the third quarter. Lord Hanson, chairman, added that this, coupled with the successful Gold Fields bid, "augurs well for the balance of the year and indeed the future." Sir Gordon White, chairman of Hanson Industries - Hanson's US arm - said that the busies continued to do well in the US with "particularly good results from chemicals and

Yesterday's profit figures were slightly ahead of expectations, although without any detailed break-down analysts were unsure of the reasons for this. Forecasts for the full year were

with which Hanson sells further Gold Fields assets.

By Andrew Freeman in London

A ROW over the way in which bankers launch and distribute Eurobond issues erupted yester-day when it emerged that Morgan Stanley was preparing to issue a dollar-denominated deal for New Zealand using a syndication technique and commission structure similar to that of the

US domestic bond market.

The move cuts across efforts by a group of leading banks, which included Morgan Stanley, to improve the profitability of Eurobond business by reforming and event the profitability of Eurobond business by reforming underwriting procedures. "By jumping ahead, Morgan Stanley has missed a chance to reach agreement . . . it is typical of a US bank failing to understand the way the European market

works," said another member of the group.

The deal is likely to have a five-year maturity and will be up to \$500m. But the issue might be delayed until next week because

nique, but will not mirror it

chronic unprofitability of the Euromarket, and have been prominent among recent unoffimarket might be reformed.

scale depending on the degree of risk assumed by the members, the price is fixed by the lead manager and the members are allowed to sell bonds at any price

Morgan Stanley move causes Eurobonds row It is understood that it will involve elements of the US tech-

US-style deals have long been mooted as one remedy for the

> cial discussions between leading Eurobond houses as to how the The US technique involves a small syndicate of underwriters which participate in a deal for a

fixed fee at an agreed price. By contrast, traditional Euromarket syndication involves larger groups of underwriters where commissions are on a

once allocations of paper are con-Details, Page 24 of adverse market conditions. further BAT shares.

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The Directors of BAT industries p.l.c. (other than Sir Mark Weinberg who, being also a director of 1 Rottrochild Holdings, is taking no part in this matter) are responsible for the information contained in this advertisement. To the best of the aroundings and belief of such Directors of BAT industries this information is in accordance with the facts and does not omit ampliang lady to hinder a clear understanding of them. The Directors of BAT industries accept responsibility accordingly.

But bigger advertising bills, rising raw material prices and higher R&D budgets all pale against the threat that sports shoes will go out of fashion and that kids like Buggin Out will not



gramme, it is expected to oust Reebok, which has never really recovered from the end of the aerobics boom, as the biggest selling brand in the US this year. Reebok, which reported its first

ever fall in earnings in 1988, has repositioned its products towards the active sports market. It also intends to follow the Boston Whaler deal with other diversifications undeterred by its lack of experience in manufacturing and by the fact that its past acquisi-tions in sportswear — such as Avia and Rockport — have been far from successful.

The battle with Nike is bound to become fiercer given that the rate of sports shoe sales growth is slowing down. The US market is expected to grow by 10 per cent this year against 29 per cent in 1988. Major European markets, such as France and West Germany, may also slow down. Meanwhile, the competitive

nressures within the industry are intensifying. The weakness of the dollar - combined with rising raw material prices - has made it less profitable for US companies to source from the Far East. Similarly, the increased cost of labour in South Korea, the main manufacturing centre, has prompted western companies to use other countries. Reebok now sources from Thailand and Indon-

esia, as well as South Korea. Yet the chief challenge for the industry is to keep pace with changes in fashion. The US sneaker market is a semiotician's dream. The choice of brand, colour or style - even whether or not the laces are tied - changes all the time. The comoscenti can tell at a glance which district, and even which street, someone comes from by the type of sports shoes they wear. The dominant style of the moment is deter-mined, not by the marketing managers of a multinational, but by kids in Brooklyn or the Bronx. As a result it is almost impossible for companies to identify which styles will be most popu-lar. This has caused serious stock problems and has also increased the pressure to reduce production lead-times. Nike is tackling the problem by changing most of its range every six months, thereby creating in-built obsolescence for its products. Adidas is trying to be more flexible by halving its range and driving down lead-

In the active sports shoe sector, the challenge is for companies to come up with increasingly sophisticated products. Reebok doubled its research and develop-ment budget last year in its attempt to gain ground against

All the major players have also boosted advertising expenditure. Reebok and Nike will both spend more than \$100m on advertising and promotion in the US alone this year. LA Gear is doubling its expenditure to \$26m.

Ms Alice Ruth, an analyst at Montgomery Securities in San Francisco, suspects that increased expenditure will raise the cost of entry to the market, thereby strengthening the position of the established players. However, the profitability of the big brands has already been affected by escalating marketing

want to buy brand new, white Air Jordans any more.

By Tony Walker in Jerusalem

KOOR INDUSTRIES, the debt-ridden Israeli public sector conglomerate, is to sell Tadiran, its troubled electron-ics subsidiary, in an effort to reduce its unmanageable

US\$1.25bn debt.
A Koor official said the decision was made at the weekend. He gave no details beyond saying that Tadiran, which lost some \$75m in the first six months of the year, was "too big for Koor to handle."

Drexel Burnham Lambert, the US finance house, and the merchant banking division of Israel's Bank Leumi are advis-ing on the sale of Tadiran, which makes sophisticated communications equipment. The Koor official indicated

that various schemes were being considered to make Tadiran a more attractive proposi-tion for prospective purchas-ers. It was unclear what approach Koor and its advisers would take to Tadiran's accu-

mulated debts.
The sale of Tadiran would dramatically reduce the size of the trade-union owned Koor. The electronics concern accounts for about \$900m of

Koor's \$2.5bn annual sales.

Koor had originally intended to sell half of Tadiran, but continued losses helped prompt the decision to offer all of it for sale. Mr Benjamin Gaon, Koor's chief executive, was quoted as saying earlier this month that "I prefer to sell all By Chris Sherwell in Sydney

blamed difficulties in the tacti-cal communications division for the first-half losses. He said

a collapse in demand for qual-

ity communications equipment

of \$180m this year, but now it seems they will not exceed

\$100m. Spending cuts by Israel's Ministry of Defence are

being blamed for the drop. Koor's decision to sell Tadi-ran was prompted largely, it

seems, by pressure from its creditors led by Bankers Trust

of the US. Bankers Trust last year sought to wind up Koor

because of doubts over its abil-

The Tadiran official said that of the company's 10 divisions, only the military communica-

tions division was unprofita-

ble. He said the company was basically sound, and with assistance in restructuring its activities would quickly return

to profitability.

He noted that the tactical

communications division had for years "carried Tadiran on its shoulders," but this would

have to change. One bright spot was Tadiran's recent con-

spot was rathran's recent con-tract, in partnership with Gen-eral Dynamics of the US, to supply ground-to-ground com-munications equipment to the

NOTICE

to the holders of

those £150,000,000 of the

£250,000,000 FLOATING RATE NOTES 2000

currently outstanding (the "Original Notes")

to the holders of the

£200,000,000 FLOATING RATE NOTES 1993 currently outstanding (the "First 1993 Notes" and, together with the Original Notes, the "Notes")

ABBEY NATIONAL TREASURY SERVICES pic

(the "issuer")

unconditionally and irrevocably guaranteed by

ABBEY NATIONAL pic

constituted by Trust Deeds (the "Trust Deeds), or think the principle of the 15th October, 1985, all made with The Law Debenture Trust Corporation p.l.c. as Trustee for the holders of the Notes (the "Noteholders")

(i) pursuant to the Terms and Conditions of the Notes (as modified by the Thirteenth Supplemental Trust Deed dated 24th February, 1989, formal notice of which was given to Noteholders on 27th February, 1989), as a result of the transfer on 12th July, 1989 of the business of Abbey National

Building Society to the Issuer pursuant to Section 97 of the Building Societies Act 1986, each Noteholder has the option to have all or any of his Notes redeemed by the Issuer at par on the Interest Payment Dates falling on 17th October, 1989 (in the case of the Original Notes) and 5th October, 1989 (in the case of the First 1993 Notes) (in addition to the

payment of principal in respect of each Note so deposited will be made

against presentation and surrender of the relevant Receipt, and payment of the interest due on the relevant interest Payment Date will be made

against prosentation and surrender of the relevant Coupon, in each case at the specified office of any of the Paying Agents on or after the relevant interest Payment Date in accordance with the applicable Terms and

each Noteholder will also have the option to have all or any of his Notes

ouch Notenoider will also have the option to have all or any or his noise redeemed by the Issuer at par on the relative interest Payment Date falling in January 1990. Formal notice of such option will be given to Noteholders not more than 80 nor less than 60 days prior to the relative interest Payment Date, which notice will specify the aggregate principal amounts of Original Notes and First 1993 Notes then outstanding; and

the Issuer has agreed to Indemnity Noteholders and other persons having a beneficial Interest in Original Notes or First 1993 Notes, in each case as at 27th February, 1993 against certain adverse tax consequences which might result from the modifications effected by the above-mentioned Thirteenth Supplemental Trust Deed and/or (to the extent set out in the

said Thireonth Supplemental Trust Deed) the redemption of such Notes or any payment of interest thereon.

Any Noteholder who wishes to inspect copies of the Trust Deeds may do so at the specified offices of the Paying Agents listed below:—

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Registered number 2000645 Nature of business, HOLDING COMPANY Trade classification, 38

Date of appointment of administrative receiver 3 AUGUST 1989

receiver 3 AUGUST 1939
Name of person epointing the administrative receiver: THAMES VALLEY VENTURES
LTD, WGTC NOWINES LTD, ADVENT EUROFUND LTD ROGER WILLIAM CORK
Administrative Receiver/(office holder note)

Administrative Receiver/(oft 1853) of CORK GULLY

NOTICE IS HEREBY GIVEN TO THE NOTEHOLDERS THAT:-

further option described in paragraph (iv) below):

ed by Trust Deeds (the "Trust Deeds"), of which the principal is dat

ity to service its debts.

Tadiran had projected sales

was responsible.

THE A83 per share offer by Harlin Holdings for Elders IXL is neither fair nor reasonable, according to a detailed valuation of the Australian brewing, agribusiness and finance multi-national released yesterday. those companies which are not helping to serve the debt of

First Boston Australia compiled the report on behalf of the Elders board, which as a result yesterday issued a formal rejection of the offer from Harlin – a private vehicle company controlled by Mr John Elliott, the Elders chairman, along with several fellow directors of Elders.

The merchant bank confirmed the valuation of A\$3.36 to A\$3.79 per share revealed previously by Mr Elliott. First Hoston also reiterated its ear-lier disclosure that Harlin, with its existing 25 per cent holding, already has effective control of Elders. But it pointed out that Harlin did not have full control of its assets or cash flow, and said it had treated Harlin's offer as "an unsolicited attempt to obtain full control of Elders."

From Harlin's point of view, its on-market offer is designed to give Elders shareholders a fair chance to sell their hold-ings at A\$3 a share at the same time as they are invited to buy shares at that price.

The chance to buy has come in the form of a pro-rata offer of 318m Elders shares, or just under 17 per cent, which are being sold by Petitio, a joint venture being unwound between the AFP investment when the Petitio share offer was announced to close at A\$2.99 yesterday. In the same period the market as a whole has also strengthened signifi-

In arriving at its judgment, the report virtually underscores a broad perception that Elders IXL is a conglomerate with very little synergy among its five divisions of brewing, agribusiness, finance, resources and investments. While Elders Finance is

clearly one common element and, at a narrower level, Elders and, at a narrower level, kiners Agribusiness is a malt supplier to the brewing operation, the main glue linking the businesses is plainly the (unvalued) group of ideas-men who are the key executive directors. They run their divisions and sub-divisions as virtual fiefdows — and each is involved. doms – and each is involved in Harlin. For Elders analysts, the First

Boston report also reveals some profit projections. According to Mr Tim Buckley of Macquarie Equities, the A\$595m forecast earnings before interest and tax of the key brewing division for the year to June is substantially higher than expected, while the A\$78m figure for the agri-business division is lower than

As for the valuations themselves, these confirm that the brewing business dominates the group, making up exactly 50 per cent of the total valua-

Of brewing's A\$4.95bn to A\$5.50bn contribution, less than A\$1bn comes from its Australian and British pubs. The next largest contribu-tion - A\$2.62bn to A\$2.78bn -comes from Elders investments

and corporate assets. Of this, A\$662m to A\$766m comes from its holding in Scottish & Newits holding in Scottish & New-castle Breweries of the UK and A\$643m from Beswick, a joint venture with Broken Hill Pro-prietary which holds 23 per cent of BHP's shares. Another A\$390m or so comes from investments in Goodman Fielder Wattie and AFP. Also included are certain brewing investments: stakes in Greene

investments: stakes in Greene King of the UK, in SA Brewing and Ballarat Brewing in Australia.

Elders Agribusiness is the third largest division, valued at A\$969m to A\$1.11bn. The pastoral business in Australia and its brewing materials operation are valued at A\$498m to A\$564m, the meat and grain activities at A\$385m to

A\$468m.
The interesting point about the Elders Finance valuation, of A\$680m to A\$785m, is that it is higher than expected at the upper end. As for the 43 per cent-owned Elders Resources NZFP, in which Elders' holding is valued at A\$816m, the report shows that forget products at shows that forest products, at NZ\$2.1bn, comprise no less than 54 per cent of total asets of NZ\$3.9bn, while the much-publicised activities in coal or gold are worth far less.

CONTRACTS

Opencast mining project

British Coal Opencast mining shovels up to 11 cu Executive has awarded a metre capacity. £24.4m contract to FAIR-CLOUGH-PARKINSON MIN-ING to extract coal from the Skelton opencast site at Templenewsam, east of Leeds. Under the seven-year con-tract Fairclough will recover

over a million tonnes of coal and remove it by private road to a British Goal disposal point. Overburden will be removed with a 9 cu metre walking dragline, and electric

During the project, the com-pany will divert roads and waterways running through the site, including the River Alre, erect Balley bridges, and relocate the disposal point, which will be operated "in house" throughout the con-

On completion in 1996 the site will be compacted and restored to amenity use.

GEC wins thyristor order

GEC ALSTHOM Transmission and Distribution Projects, Stafford has been awarded a £20m contract to design, make and supply four thyristor valve groups for Manitoba Hydro's Dorsey and Radisson HVDC convertor stations in Canada. The main contract has been placed with GEC Canada.

The thyristor groups will replace one third of the mer-

cury arc equipment which was supplied by English Electric in 1972. At the time these valves represented state-of-the-art technology and, with a rating of 154.5kV, 1800A, are claimed to be the learners units awar to be the largest units ever supplied by any manufacturer.

Each thyristor valve group has a nominal rating of 166.6kV, 2000A, which will be achieved using about 500 achieved using about 500 100mm diameter power thyristors, made by Marconi Electronic Devices, Lincoln. These are mounted on heatsinks directly cooled by water. The thyristor gating electronics will be made in Winnipeg by GEC Plessey Telecommunications (Canada) tions (Canada).

The valve groups will be entering service during Sep-tember 1991 and February 1992. Direct current is used for more efficient transmission, then converted into alternating cur-

IN BRIEF.... Helicopters for Norway

WESTLAND HELICOPTERS has won a £12.1m order from
the Royal Norwegian Air
Force. The package includes
one new Sea King helicopter,
and the update of the Norwegian search and rescue fleet.
The Sea King is scheduled
for delivery from Yeovil in
June 1992, and the first of the
machines to be undeted will be machines to be updated will be handed back to the RNoAF two months later. The Norwegians currently operate nine Sea Kings, delivered in 1972/3, in

the search and rescue role. Thompson Tankers, part of Thompson Tankers, part of NEI THOMPSON, Wolverhampton, has won a £6.5m contract to supply 60 aircraft refuellers to the Royal Air Force. Each will have a capacity of 4,000 gallons. They will be built at the company's Billston factory, and deliveries will start later this year, to be completed early in 1991.

* * *

MOSS SOUTHERN has started work on two contracts in Swindon and Newbury. At Swindon, Moss has negotiated a ground-work contract (£2.5m) for the initial phase of Nationwide Anglia's £50m office complex at Croft Campus, Swindon. The 28-acre site will be developed years with the initial contract completed in March 1990. At Newbury, Moss has started work on a three-storey office building for Arlington Business Parks (£7.6m). The contract is due for completion at the end of 1990.

Experience in the overcladding and refurbishment of local authority multi-storey blocks flom (exclusive of civil engineering) in Scotland

* * * *
Seven building contracts, totalling £15m, have been awarded
to WILLMOTT DIXON companies. They include 80 homes at Victoria Park for Aylesbury Vale District Council; 27 houses in Wandsworth for Habinteg Housing Association; and a warehouse with offices in Bow for Alami Import &

FAIRCLOUGH has won a con-fract worth £11.8m to build 12 Hay Hill, Land Securities' development in the heart of Mayfair. It involves renovation and restoration of 3 Grafton Street, a Grade II listed building, which links with the scheme to form over 26,000 sq ft of offices, 9,500 sq ft of restaurant space, two flats, stor-age and car parking. Comple-tion is scheduled for 1991.

*** AMEC has been awarded contracts totalling £47m to construct an office complex in struct an onice complex in London, design and manage construction of a sugar refi-nery in Greenwich, and detail design and procurement for an offshore platform in the North

Contracts worth over £15m have been awarded to Allen Building, and Allen-Fox Con-struction, ALLEN group companies. Projects won include refurbishment of civic offices in Stafford and Wigan, facto-ries and offices in the North West, West Yorkshire and South Wales, a business park in the Midlands, a Land Rover dealership in Preston, and an interior development in Liverpool to form a new concept for restaurants, cafeterias, offices and conference areas.

TRU Architectural, Telford-based subsidiary of TRIPLEX LLOYD, has secured a £2.2m contract with the London Bor-ough of Tower Hamlets for the refurbishment of 25 blocks of low-rise flats in Stepney.

outcome. Elders shares have tion of A\$9.90bn to A\$10.99bn. moved from around A\$2.66 Suntory maintains whisky sales growth

Elders board rejects Elliott offer

By Ian Rodger in Tokyo

SUNTORY, the Japanese **COMPANY NOTICES** drinks group, has managed to maintain the growth of its whisky sales so far this year despite the removal of taxes in Japan which discriminated ABBEY NATIONAL

against imported spirits.

The privately-held group said its distilled liquor and wine sales rose 6.4 per cent in volume terms in the first half of this year, but only 0.1 per cent in price terms because of price reductions made on many The company - which formed a shareholding and

stake in the Bordeaux wine interests of the French GMF insurance group - said its pre-tax profits reached Y11.7bn (\$82.5m) on sales of Y354.1bn in the first half. Net profit was Whisky and wine accounted

John Elliott, chairman

group and the Goodman Fielder Wattie food giant. Harlin has underwritten the offer of Petitio's holding, so that if Elders shareholders do not take it up, Harlin's holding in Elders would rise to 42 per

cent, and more than 50 per

cent if convertible notes and

options are taken into account.
At face value, the First Bos-

ton report is therefore likely to encourage shareholders to take up the pro-rata offer of Petitlo's

shares and not to accept Har-lin's on-market offer, for which

it has had to arrange A\$6bn

(US\$4.56m) in financing. This may also be in line with

Mr Elliott's intentions, but no

one knows for sure, and no one is prepared to predict the final

marketing alliance with Allied Lyons of the UK last autumn

and recently took a 19 per cent

of Elders IXL

for 60 per cent of total sales, beer 26 per cent, food and conalcoholic beverages the rest. Comparisons with the previous year were difficult because the company changed its yearend from March to December. That meant that the figures for the first half last year included the results from the crucial summer months whereas this year's did not.

In the six months to September 1988, the company reported pre-tax profits of Y12.3bn on sales of Y403.9bn.

The company provided fig-ures for changes in the value and volume of its sales with the directly comparable period. Sales of beer dropped 0.9 per cent by volume and 6.5 per

Sales of food and non alcoholic beverages rose 30.3 per cent by volume and 18.2 per cent in value. Suntory said that much of the growth in the liquor and

wine division sales was due to the liquor tax reform, which reduced taxes on premium

brands.

The company's Royal, Old and Kakuhin brands registered steady growth, as did brandles and wines, the company added.

For the full year, the company is forecasting a pre-tax profit of Y24bn.

DBS boosts first-half Westpac Banking to lift profits by one-third provision for bad debts

DEVELOPMENT BANK of This was achieved on turnover Singapore (DBS), the island's main state-controlled banking group, boosted net profits for the first half of the current year by nearly a third to S\$112.9m (US\$57.9m) from

As with some other of Singapore's large banks which have been reporting recently, Development Bank's growth was slower in the mainstream busi-ness, with profits at the parent bank alone up by a fifth to \$\$85m from \$\$70.8m. DBS Land, a separately

quoted property offshoot, last Friday turned in more than doubled net profits for the same period, at S\$16.8m, which compare with S\$7.4m for the corresponding period last year.

which expanded just as sharply to \$\$55.7m from S\$20.7m. It said that given the current

buoyant property market, the directors were confident the good results would be maintained in the second half to December. For the bank, other income

improved by 11.3 per cent to S\$67.7m due to such increased contributions from subsid-

DBS said that because it maintained the lowest prime lending rate possible in the first half-year, the bank's loan portfolio expanded further. As a result, interest earned increased by 62.5 per cent to Corporation expects to increase its provision for bad debts by between 15 and 20 per cent in the second half of the year to September compared with the first-half charge of A\$226m (US\$172m), Reuter

reports from Sydney.

The first-half charge comprised net write-offs of A\$65.4m and net new specific provisions of A\$160.6m, Westpac said in a US Securities and Exchange Commission filing.

The bank also disclosed a

A\$286m exposure to Hooker Corporation, the property group, and the private Herscu group, Hooker's main shareholder. Both are in provisional

liquidation.
The filing is for a forthcoming debenture issue. Westpac

blamed interest rates in Australia and New Zealand and the depressed commercial

property market and economic deterioration in New Zealand for the rise in provisions. Loans made by merchant hank enheidiaries Partnershin

Pacific in Australia and Westpac Merchant Finance in New Zealand are expected to account for a substantial proportion of write-offs and new provisions, as they did in the first half, the bank said.

first half, the bank said.

Westpac said it did not expect losses from its Hooker exposure to have any material affect on its financial position.

Westpac also said that by July 20 it had reduced exposure to rescheduling country and the History and the H debt to US\$70.7m from US\$225m at March 31.

of flats has been a contributory factor to the success of MILLER CONSTRUCTION's bids for five contracts totalling

NOTICE OF REDEMPTION

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Washington, D. C. ("IBRD")

IBRD 7.9% Japanese Yen Bonds of 1983 Due 1995 (Twenty-second Series) (the "Bonds")

We hereby notify holders of the above Bonds that on September 7, 1989, the entire outstanding amount of the Bonds is to be re-7. 1989, the entire outstanding amount of the Bonds is to be redeemed as follows: (a) pursuant to Condition 15 of the Bonds, by fulfilling a mandatory redemption obligation of 1.6 billion yen (mandatory redemption price: 100%) and (b) pursuant to Condition 17 of the Bonds by IBRD exercising an optional redemption right of 18.4 billion yen (optional redemption price: 103%). The numbers of Bonds selected by drawing for the mandatory redemption of 1.6 billion yen are as follows:

Denomination (Yen) 1-216, 8227-8720 1.000,000 560-768 253-384 10,000,000

The numbers of Bonds shown below are to be redeemed at a price of 103% as optional redemption of 18.4 billion yen. Denomination (Yen) Numbers 217-8226

1,000,000 1-252, 385-1656

Paying Agents: With respect to definitive bonds, the principal of and interest on the Bonds is payable at any of the paying agents mentioned thereop. With respect to recorded bonds, the payment shall be made at the paying agent designated in the application for the recording on the bonds.

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Sep. 1974/1983 -1 Sep. 2356/2366 -8 Sep. 2724/2736 +8

Prices taken at 5pm and change is from previous close at 9pm

to exercise such option, a Noteholder must give notice, in the form obtainable from the specified office of any of the Paying Agents listed below, to any Paying Agent (in the case of the Original Notes) not earlier than 18th August, 1989 nor later than 15th September, 1989 and (in the case of the First 1993 Notes) not later than 5th September, 1989 and deposit with such notice the Note(s) to be redeemed, but not the Coupon(s) apportaining thereto maturing on the relevant interest Payment Date. Any such notice and deposit shall be treevocable unless the Issuer shall otherwise acree in writing. The Paying Agent with such such **Australian Rothmans** earnings surge 45.7% shall otherwise agree in writing. The Paying Agent with which such Note(s) is/are so deposited shall issue to the Noteholder concerned a non-transferable receipt (a "Receipt") in respect of such Note(s):

By Our Financial Staff

ROTHMANS HOLDINGS, the half-owned Australian tobacco offshoot of the UK's Rothmans International, boosted net profit 45.7 per cent to A\$104.1m (US\$79m) in the year to June 30 on sales which rose just 2.7 per cent to A\$1.73bn

The company said it maintained cigarette market leader-ship in Australia in the year, despite a marginal decline in sales volume and market

In New Zealand, following increased excise duties which increased retail prices by 30 per cent, sales volume also declined. Rothmans main-tained its market share through marketing methods and new products.

of 26 cents in 1987-88. Earnings per share were given as 104 cents against 72 cents.

Last week Rothmans of Pall Mall (Malaysia), the British group's quoted associate in that country, reported annual pre-tax profits of 156.1m ringgit (US\$58.5m) compared with 128.8m ringgit. Sales were 765.3m ringgit against 706.5m

extraordinary credit of

A\$28.9m compared with a A\$2.3m charge last time. A final dividend of 27 cents

makes 97 cents for the year — it includes two special divi-dends totalling 45 cents and

compares with a total payout

ringgit.
RPPM is transferring to its parent a 1.25 per cent interest in Cartier of France for Operating profit was in Cartier of Cartier. US\$16.5m. Rothmans group companies together hold 47 per

Email to raise A\$82.5m through share placement

EMAIL, the Australian stockbroking firm. Earlier this household appliance manufactmonth Mr Peter Finley, Email turer, is to raise about A\$82.5m (US\$) through the placement of 19.2m shares, or 10 per cent of current issued capital, at A\$4.30, Reuter reports from

Sydney. The funds would be used to finance expansion by acquisi-tion and internal growth,

Email said. The issue price is below the market price of A\$4.65 Email expects to maintain the 25 cents a share dividend paid in the year to March on the enlarged capital.

The placement is underwritten by J.B. Were and Son, the cent to Ass2.31m.

chairman, told shareholders at the annual meeting that sales and profits were up almost 20 per cent in the first quarter. He went on: "We cannot, at this stage, anticipate how demand and the Australian economy will shape for the full

year.
"In the second half, demand in some areas may soften and in fact there are indications that certain areas of the economy have already slowed

Email's net profits in the

FIRST CHICAGO CORPORATION US\$200,000,000 Floating Rate **Subordinated Capital Notes Due 1997** Notice of Rate of Interest

Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing 15th August, 1989 and ending on 15th November, 1989 has been determined to be 875/16 per cent per annum. The interest payment date for such interest period is 15th November, 1989. The interest amount, i.e. the amount of interest payable in respect of each US\$ 10,000 principal amount of Notes, for such interest period is US\$ 228.40.

CHEMICALBANK As Agent Bank for

First Chicago Corporation.

U.S. \$60,000,000 Banamex

Banco Nacional de México, S.A. Floating Rate Subordinated Notes Due 1992

8%% per annum

14th August 1989

14th February 1990

Interest Period Interest Amount per U.S. \$5,000 Note due 14th February 1990

Interest Rate

U.S. \$226.81 Credit Suisse First Boston Limited Agent Bank

NOTICE OF CHANGE IN PAYING AGENT CHRYSLER FINANCIAL CORPORATION 13.25% Notes due November 29, 1994 OTICE Is HEREBY GIVEN, that as of Amoust 15, 599, European Renking Company Limited of London 18 and 19 and

MORGAN GUARANTY TRUST COMPANY
of New York, as Fiscal and Principal Poyung Agent
Detect: August 15, 1080

INTERNATIONAL COMPANIES AND FINANCE

KKR reveals reshape at another troubled concern

KOHLBERG Kravis Roberts, the leading US leveraged buyout firm, has admitted that another of its investments, Seaman Furniture, has run into trouble and will have to be restructured.

TS

The reshape would almost certainly involve substantial losses for subordinated bond-

losses for subordinated bond-holders, according to officials involved with the deal.

The Seaman problems emerged less than two weeks after the disclosure that another KKR investment, SCI Television, would probably fail to meet its debt repayment schedule and would be asking creditors for a restructuring.

The miscalculations involved in these two LBO deals will seriously mar KKR's record and could increase its difficulties in arranging junk bond fin-ancing for future buy-outs, even though the financial

losses will probably be insignif-icant for the firm and its equity investors. Seaman, which is the biggest specialised furniture retailer in

THE CHANCES of closer links between Asko, the big West German retailing group, and Ahold, the Dutch retailing con-

cern, rose sharply yesterday following confirmation that the

two companies were talking

about possible co-operation. However, neither side would

say whether the discussions

included the purchase of recip-

rocal equity stakes, as rumoured in the Duich press last week.

THIRD-QUARTER operating results for Hewlett-Packard,

the US computer and electron-

ics manufacturer, will be below

earnings, said net earnings

between 75 and 80 cents per

the New York area and the second largest in the US, was acquired by KKR in a \$354m buy-out less than two years

It has bank debts of nearly \$257m and subordinated junk bond debts with a face value of \$75m. Much of the \$40m in equity injected by KKR and the \$10m from Mr Morton Seaman, the company's chairman, was spent on the costs of the LBO. In the last year Seaman's sales have fallen, instead of rising by 5 per cent as projected by KKR at the time of the buyout. In the eight years before the LBO Seaman's sales had

already controlled.

station values have dropped precipitously in the past two

The difficulties experienced by Seaman could draw atten-tion to the potential problems

of bigger retailing companies

which have been involved in

Mr Wagner has also suggested that the 20 per cent stake in Asko owned by Massa, with which Asko is closely

associated, could one day form the basis for an equity relation-

ship with other European con-

month the fast-expanding Asko

group said it remained keen on

further growth, although this was now likely to come mainly

through minority stakes in other European retailers.

Hewlett-Packard said US and

international orders for its

products continued to show

adjusting shipments to match

the changing mix of its busi-

At its press conference last

grown by an average of about 20 per cent a year.

Because of the shortfall in revenues, as well as the rise in short-term interest rates this year, Seaman told its bankers last Friday that it would need a debt restructuring.

KKR officials admitted that

any restructuring would proba-bly cause a further reduction in the value of Seaman's junk bonds, which trade at less than

and Ahold were discussing the

possibility of joint buying. Such an agreement would

probably take place via Inter-

buy, the joint purchasing con-cern set up by Asko last

Mr Wagner has regularly mentioned the possibility of working more closely with

other big European retailers in

order to improve efficiency and

bring down costs. Details of

such arrangements have

share, after a reduction of 10 to

15 cents per share following

the acquisition of Apollo Com-

effects of the Apollo acquisi-

last week.

Mr. Helmut Wagner, Asko's tended to be sketchy, and links chief executive, said his group been restricted to joint

tion.

Asko and Ahold discuss pact

lift Dutch paper group 50 per cent of their face value. By Laura Raun Wall Street sources also fore-cast that SCT's bonds, currently trading at between 30 and 65

in Amsterdam

per cent of their face value, **EARNINGS at KNP, the Dutch** paper group, climbed by 25 per ceut in the first half of 1989 would probably fall further after a restructuring. SCI is a group of television stations acquired in 1987 for due to contributions from its \$1.2bn as part of a "second gen-eration LBO." KKR, with a partner, Mr George Gillette, bought the TV stations from

packaging activities and non-consolidated companies.

Net income jumped to Fi 163m (\$74.4m) from Fi 130.7m a year earlier, while Storer Communications, another LBO investment it earnings from non-consoli-dated companies were hoisted to Fl 44.8m from Fl 8.5m. Per-The deal enabled KKR to cash in almost \$1bn of its profshare earnings rose more slowly, by 12.5 per cent to Fl 3.95, due to a greater num-ber of shares outstanding. Mr F.J. de Wit, chairman of its from Storer in exchange for a new equity investment of less than \$100m. SCI is having trouble meeting its scheduled debt repayments because TV

KNP's management board, forecast yesterday that per-share earnings for the full year would exceed the Fl 6.71

For the second half he said a further flattening of the profit growth in paper would be offset by favourable develop-ments in the most important non-consolidated companies. non-consolidated companies.

In the second half about Fl 15m of extraordinary income is expected from the sale of a 37.5 per cent stake in Celupal, a Spanish paper company, to Torras Hostench, Spain's biggest paper producer

Revenue rose 11 per cent to Fi 1.4bn in the first six months from Fl 1.26bn a year earlier.

Oxdon extends Steinberg bid

RIDDING for Steinberg, the Canadian grocery and property empire, will continue for at least another week, Robert Gibbens writes from Montreal. Oxdon Investments of Toronto has extended its C\$1.35bn (US\$1.1bn) offer until August 22, the same day that its rival's bid is due to expire. The Caisse de Depot, the Que-bec pension plan manager, has bid C\$1.33bn for Steinberg, together with Socanav, a Mon-treal transport group.

Both are offering C\$75 a share for the group's voting shares while Oxdon's price for the non-voting stock is C\$53 a share and Caisse-Socanav

Packaging activities Drexel agrees fines with 10 states By Janet Bush in New York DREXEL Burnham Lambert. the US securities house which fines to 10 states.

earlier this year pleaded guilty to six felonies in its settlement with the Securities and Exchange Commission over securities fraud charges, has now effectively headed off investigations into its activities by several US states.

in a voluntary agreement drawn up by Drexel and the North American Securities Administrators Association, a collection of US and Canadian administrators, the belea-guered Wall Street brokerage

has agreed to pay \$975,000 in

Drexel, which said in April it was selling its retail brokerage network which employed about 2,300 and has since done so, said it expected to settle with most other states and that it anticipated paying another \$11.5m to ensure it could continue to operate freely across the country.

The company, which earlier this year agreed in its settle-ment with the SEC to pay a \$650m fine and to certain agreements on maintaining

internal discipline and regula-tion, also said it would contribute funds to a foundation designed to promote securities regulations and ethics.

The firm's announcement of a big restructuring in April. which included selling its retail business, was acknowl-edged to be partly due to the difficulty, having admitted felonies, of operating in areas where the public was most directly involved.

Several state regulators had talked publicly about their intention to investigate Drexel

at state level and the firm appeared to face the prospect of several lengthy investigations, which could have had an

adverse effect on its business. According to the laws of several states, securities commissioners can revoke the licence of a company which had admitted felonies.

Most other states where Drexel is active are expected to favour settling, although New York and California, where the firm is most active, have said they were still reviewing their position.

Lower margins slow K mart

saw profits fall in the second quarter after group sales failed to match expectations and it recorded lower gross margins,

Agencies report. Second-quarter net income declined to \$145m or 72 cents a share from \$162.8m or 81 cents on sales of \$7bn, compared with \$6.68bn. At the half-way stage net income also fell, to \$239.1m or \$1.19 against \$283.6m or \$1.41. Sales rose to \$13.1bn from \$12.5bn.

The company said second-uarter gross margins were Sales for the quarter. However, in spite of the disquarter gross margins were duarter gross margins were lower than a year ago, at 26.4 per cent of sales compared with 26.9 per cent. This reflected K mart's strategy of reducing shelf prices and increasing the sales contribution from its lower-margined Makro operation in the 1989

Mr Joseph Antonini, chairman and chief executive, said that weak sales in May resulted in lower than expected appointing quarterly profit Mr Antonini said he expected results to improve.

"We anticipate an improving trend in sales and earnings, reflecting our strengthened merchandising programmes, our continuing emphasis on everyday low prices and increased utilisation of retail automation systems to improve the management of store hours and productivity."

Connaught BioSciences ahead sharply

By David Owen in Toronto

CONNAUGHT BioSciences, which is proposing to merge its human-health businesses with those of France's Institut Merieux to create the world's largest vaccine producer, has reported sharply improved quarterly and half-year earn-

ings. Second-quarter income totalled C\$10.1m (US\$8.6m) or 46 cents a share, against C\$5.5m or 25 cents in the yearearlier period. Revenue advanced to C\$61.5m from C\$53.3m.

For the six months ended June 30, profit reached C\$17.1m or 78 cents a share on revenue of C\$118.1m, against C\$12.2m or 56 cents on revenue of C\$101.7m.

Year-ago figures include an extraordinary second-quarter charge of C\$3.5m. ● Chevron Canada Resources, for 25 years a leading oil and gas prospector, is buying 17.5 per cent of the Amauligak oil field from Husky Oil for

C\$150m, Robert Gibbens writes from Montreal.

Amauligak, located in the shallow waters of the Beaufort Sea, is about 2,000 miles north of Calgary and has probable reserves of well over 500m barrels of oil and 2.000bn cu ft of gas. Chevron's San Francisco parent is a leading developer on the Alaskan side of the

Beaufort Sea. Oil industry experts believe Amauligak needs international oil prices of well over US\$20 a barrel to justify development. In addition, a similar field would be needed to justify an oil pipeline south via the Mack-

enzie River valley. Last year Chevron Canada bought into Imperial Oil prop-erties in the Mackenzie delta, where large reserves of gas and some oil were found in the 1970s.

Spar Aerospace, a leading Canadian high-tech group, is cutting its workforce by about 10 per cent and may close

plants because of higher-thanexpected start-up costs on a new project and pressure to remain competitive internationally.

Spar specialises in satellite communications systems and defence work, and is best known for developing and making the robot arm for the US space shuttle.

The company, which employs about 2,000 in its Ontario and Quebec plants, has reported a C\$5.8m loss on sales of C\$117m for the first half, and said lay-offs over the next few months would lead to special charges of nearly C\$5m. These have already been provided for. The quarterly dividend has

again been reduced, from 6 cents a share to 3 cents. In the first half of 1988, Spar earned C\$4.4m or 40 cents a share. The company expects its order position to improve in the next 12 months and to

ISS rises after purchase of US cleaning group

By Hilary Barnes in Copenhagen

ISS, THE Danish-based international office cleaning and building maintenance group, increased first-half sales by 44 per cent to DKr4.65bn (\$618m) and profits after depreciation by 59 per cent to DKr153.9m.

The growth in sales and earnings reflected primarily the group's acquisition last year of ADT, the American cleaning group, which added DKr1.25bn to first-half turn-over. The acquisition also led to a jump in net financial costs, which were up from DKr3.5m to DKr44.7m, while a DKr233m goodwill write-off contributed to a reduction in group equity capital from DKr618m to DKr513m. First-half earnings before

extraordinary items were up from DKr93.3m to DKr109.2m, pre-tax profits advanced from DKr87.8m to DKr126.7m and net profits rose from DKr54.2m to DKr82.2m.

Mack Trucks to cut production rates

MACK TRUCKS of the US plans to reduce production rates at its manufacturing and assembly facilities, Reuter reports. Daily production rates for heavy-duty class 8 vehicles in the latest quarter are sched-uled to be about 45 per cent lower than in the 1989 second

Demand for Mack's class 8 trucks has declined in each of

7.30

puter in May. This compares with 80 cents good year-to-year growth. However, the company warned that revenues would analysts' forecasts, AP-DJ per share in the third quarter reports. The company, which fall below expectations because of continuing difficulties in of 1988. Security analysts' estireported flat second-quarter mates average about 90 cents per share after recognising the

Hewlett-Packard warns on forecasts



This announcement appears as a matter of record only

£19,250,000 Senior Debt and Revolving Credit Facilities

to Fund a Management Buy-Out ...

National Westminster Bank PLC Acquisition Finance Unit

Funds Provided by

National Westminster Bank PLC

Banque Indosuez, London Branch

····· Nippon Credit Bank Limited

The Tokai Bank, Limited

Union Bank of Switzerland, London Branch

Westpac Banking Corporation

Equity and Mezzanine Finance Arranged by **Phildrew Ventures**

Agent

National Westminster Bank PLC

NatWest Syndications

Canadian Pacific Limited

anadian Pacific Limited had net income for the second quarter of 1989 of \$136.3 million, or 43 cents per Ordinary share, compared with \$230.4 million, or 76 cents per share, in the corresponding quarter of 1988. For the first six months of 1989, net income was \$270.4 million, or 85 cents per Ordinary share, compared with \$414.3 million, or \$1.37 per share, in the first half of 1988.

The company's performance this year has been affected mainly by continued weakness in railway traffic, particularly grain, and by lower net income from shipping, forest products and real estate activities. AMCA International Limited's results continued to improve and produced income in the first half of 1989 compared with a loss in 1988.

		nounts per share)		
		Quarter		x Months
	1989	1988	1989	1988
Transportation and Waste Services	\$ 22.5	\$ 798	\$ 48.4	\$ 161.
Energy	35.6	35.7	71.9	65
Forest Products	58.0	61 4	109.9	120.4
Real Estate and Hotels	11.6	430	26.3	64 (
Telecommunications and Manufacturing	8.6	(3.5)	13.9	(8 -
Discommued Businesses		14.0	_	21.
Net income	\$ 136.3	\$ 230.4	\$ 270.4	\$4143
Average number of shares outstanding (millions)	317.1	303.4	317.0	303
Earnings per Ordinary share	S 0.43	\$ 0.76	s 0.85	S 1.3

Despite highly-competitive newsprint markets, a slowing economy and a strong Canadian dollar, Canadian Pacific continues to expect a good level of earnings this year. A successful grain crop this fall should boost railway traffic later this year, demand for pulp is expected to remain firm, and oil prices, while possibly volatile, should remain above the depressed levels of the latter part of last year. In the second half of 1989 significant land sales are anticipated along with gains on the sale of the bulk shipping operations. the sale of a 40 per cent interest in CNCP Telecommunications to Rogers Communications Inc., and the sale of AMCA's Giddings & Lewis unit.

For more information, please write to: Denis Keast, Director, Financial Services, Canadian Pacific Limited, 62-65 Trafalgar Square, London WC2N 5DY

FT GUIDE TO WORLD CURRENCIES

2,5758 1.8815 Halti Honduras Jong Kon (Bahama S) 1.5840 (Dinar) 0.5979 (Sp Peseta) 192.05 (Taka) 49.50 (Barb S) 3.1929 1.3961 0.3257 1.3961 7.3961 7.19.1368 75.6017 1.9417 168.8925 2.8990 32.5765 1.0092 1.2238 212.0114 St Christophe St Helena St Lucia St Pierre St Vincent San Martno Saudi Arabia Senegal Serchelles Sierra Leone Singapore Solomon is Somail Rep iraq irish Rep israel italy ivory Coast 20,7127 1.0342 1.05.8925 0.5159 8.4690 1.4297 1.0570 0.5159 1.0091 0.4484 1.68.8925 3.6262 84.6969 (CFA Fr) 518.50
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(a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (f) Non con 3) Buying rate; (i) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (d) convertible rate; (r) parallel rate; (s) Selling rate Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, Ampast 14, 1789

TRADE INDEMNITY



01-739 4311 SPECIALIST EXPORT FINANCE

THE CREDIT RISK MANAGERS



DANAMEY **BANCO NACIONAL DE MEXICO**

NOTICE TO INVESTORS

Banco Nacional de México S.N.C. advises that the shareho ding of the Federal Government and its Semi-State Institutions is for sale, which represents 99.08% of the registered capital of:

TURBORREACTORES, S.A. DE C.V.

whose main activity is the repair of aeronautic turbines

Interested investors may request the company's descriptive profile and the terms and conditions of sale, by written request to:

BANCO NACIONAL DE MEXICO, S.N.C. Ingenieria Financiera

Atención: Ing. Antonio Saldivar, Director, or Ing. Roberto Cuarón, Manager Carmen No. 1, Chimalistac, San Angel México D.F. 01070 Tel: 660 07 45 FAX: 548 17 61

The time-limit for obtaining the aforesald information expires on the 8th September next and offers of purchase must be submitted by the 28th September 1989.



Shawmut Corporation U.S.\$50,000,000

Floating Rate Subordinated Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 9.125% and that the interest payable on the relevant Interest Payment Date November 15, 1989 against Coupon No. 19 in respect of US\$10,000 nominal of the Notes will be US\$233.19.

August 15, 1989 London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

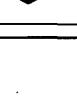
US\$100,000,000 FLOATING RATE DEPOSITARY RECEIPTS DUE 1997 issued by The Law Debenture Trust Corporation pic evidencing entitlement to payment of principal and interest on deposits with

BZIL

Banca Nazionale del Lavoro

banca Naziuliale del Lavoro (incorporated as an Istimus di Credito di Divito Pubblico in the Republic of Italy)
London Branch
Notice is hereby given that the Rate of interest for Coupon No.
17 has been fixed at 9% pa and that the interest payable on the relevant Interest Payment Date, November 15, 1989 in respect of US\$10,000 nominal of the Receipts will be US\$230.00 and in respect of US\$250,000 nominal of the Receipts will be

August 15, 1989, London By: Citibank, N.A. (CSSI Dept). Agent Bank CITIBANCO



Emess plc has acquired 89% of the shares of Eclatec SA, Nancy, France.

This acquisition was initiated by:

FLETCHER SCOTT LTD Edinburgh, London

ADAMS & ROYER SA Paris, New York

Wells Fargo & Company

U.S. \$200,000,000

Floating Rate Subordinated Capital

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 15th August, 1989 to 15th November, 1989 the Notes will cover up Interest

Notes due 1998

the Notes will carry an Interest Rate of 87/8 per annum. Interest payable on the relevant interest payment date 15th November, 1989 will amoun to US\$226.81 per US\$10,000

Agent Bank: Morgan Guaranty Trust Company of New York London

National & Provincial

Building Society

Issued of up to £200,000,000
Floating Rate Nones 1999
Notice is hereby given that for
the three months 9th August,
1989 to 9th November, 1989 the

Notes will carry an interest rate of 14.0% per annum with a

coupon amount of £352.88 per £10.000 Note and £3.528.77 per £100,000 Note payable on 9th November, 1989.

Bankers Trust
Company, London Agent Bank



BANK OF GREECE

US \$250,000,000 Floating Rate Notes due 1997

Holders of Floating Rate Notes of the above issue are hereby notified that for the Interest Period from 16th August, 1989 to 16th February, 1990 the following information is relevant: 1. Rate of Interest: 9% per annum

2. Interest Amount payable on Interest Payment Date: ÚS\$ 460 per US\$ 10,000.00 nominal or US\$ 11,500 per US\$ 250,000.00 nominal

Payment Date: 16th February, 1990

Bank of America International Limited



Bankers Trust

International Capital N.V. (Incorporated in the Netherlands Antilles) U.S.\$200,000,000

Guaranteed Floating Rate Subordinated Notes Due 1996

For the three months 16th August, 1989 to 16th November, 1989 the Notes will carry an interest rate of 9 per cent per annum and interest payable on the relevant nterest payment date 16th November, 1989 will be US\$230.00 per US\$10,000 note.

mational Westminster Bank PLC London - Agent Bank

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INTERNATIONAL CAPITAL MARKETS

Soviet bank expected to launch Austrian deal

By Andrew Freeman

THE FIRST foreign borrower is expected to tap the Austrian domestic bond market as part of the wider financial liberalisation programme announced by the Government earlier this year. The initiative is moti-vated by Austria's stated desire to join the European

Community.

The deal is expected to be a Schlbn six-year straight deal for the Bank for Foreign Economic Affairs of the USSR, the Sexiet Union's foreign trade soviet Union's foreign trade bank. It has informally been given permission by the Capital Markets Com-mittee which advises the Ministry of Finance.

The lead manager will be Creditanstalt-Bankverein. The coupon is expected to be 8 per cent at par.

A meeting of the committee

next Monday is expected to give formal approval for the deal. The National Bank of Hungary is also expected to announce a deal once the Soviet issue has been

It is understood that a Japa-nese bank was also interested in tapping the market, but was frustrated because it wished to swap the issue proceeds and was forced to withdraw when markets moved against it. Both the Soviet and Hungar-

ian deals are reported to be unswapped, with both borrow-ers having Austrian schilling requirements through their close trade links with Austria. Until now, only such supranational borrowers as the World Bank and the European Investment Bank have been allowed into the market, 50 per cent of which is dominated by state borrowings. Austrian banks account for a further 30 per cent of issues, with the remaining 10 per cent taken by supranationals. Most of the supranational borrowers do not have schilling require-ments and have found swars bard to achieva.

Baer sets up mergers and | Go-ahead acquisitions business

By John Wicks in Zurich

BAER HOLDING of Zurich has announced the formation of Julius Baer Atlantic in Zurich and New York "to specialise in friendly mergers and acquisi-tions (M&A) and other corpo-rate financial services."

Working through subsidiaries in Switzerland and the United States, the new company is to operate offices in these two cities and in London. The group, whose main mem-ber is Bank Julius Baer, is already active in all three cen-tres, particularly in the field of investment counselling and

portfolio management.

The Zurich subsidiary's chairman and chief executive officer is to be Mr Jürg Geigy, a director of Baer Holding. Mr John McDaniels will be chairman and chief executive officer is to be mr Jürg Geigy. man and chief executive officer of the New York unit. He was formerly managing director in

for Uruguay yen bond the investment banking departthe investment banking department of Kidder Peabody.

Other former Kidder Peabody executives joining Julius Baer are Mr John Morrell, a former senior vice president in the company's M&A group, who will act as managing director in New York; and Mr Philippe Kerno. who moves from the investment banking THE JAPANESE Fluance Min-

istry is to allow a debtor nation. Uruguay, to issue a yen bond in Japan for the first time in three years, Reuter reports from Tokyo.

This is in line with world wide moves to recycle funds to

developing nations.
Uruguay will sign for a
Y2.5bu, five-year private place-ment bond on August 15. It will carry a coupon of 6.7 per cent and be priced at

The Export-Import Bank of Japan will buy half the issue to try to ensure its success and the remainder will be taken by private financial institut-

The last private yen bond issue by a debtor nation was made by Colombia in August

OF ME

FT INTERNATIONAL BOND SERVICE

per cent stake.

from the investment banking department of Kidder Peabody in London to become princi-

pal at the Julius Baer Atlantic London office. As of the end of 1988, the

Julius Baer Group had a con-solidated balance sheet total of SFr5.02bn (\$3.02bn). The Zur-ich-based Bank Julius Baer alone booked published assets of SFr3.88bn, up 15 per cent.

Baer Holding is controlled by the Swiss Baer family. Union Bank of Switzerland holds a 6.5

Closing prices on August 14 Change on 80 80 30 30 50 50 10 20 GTMER STRAIGHTS IN Abbay Ret. 115: 95 S.
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Barchaya Ass. 13% 91 AS.
Belgium 8 % 94 Ecu.
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DEUTSCHE MARK

Piggo

No information available-previous day's price † Only one market maker supplied a price

Straight Bonds: The yield is the yield to resemption of the mid-price; the amount issued is in millions of currency units except for Yea bonds where it is in billions. Change on week e-Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated, Coupon shown is minimum. C.ote = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; Sabove mean rate) for US dollars. C.cpn = The current coupon.

coupon

Order tible Boards: Denominated in dollars unless otherwise indicated.

Order day = Change on day. On date = First date of convergion incomersion for the convergion are converged of share at conversion rate fixed at issue. Prem = Percentage premium of the currenteffective price of acquiring shares via the board over the most recent, price of acquiring shares via the

The Financial Times Ltd., 1989. Reproduction in whole or in part in any form not permitted without written cor-Data supplied by DATASTREAM International.

The prices over the past week were supplied by: Sankers Trust international; Kredletbank N.V.; Commerzbank AC; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Bank Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredletbank Luxembourg; Afgemene Bank Hederland NY; Pierson, Heidring & Pierson; Credit Soisse; Bank of Tolopo International; Bank International; Chempian Bank; Bank Bederland Europe NY; LTCB International; Robert Flemming & Cc; Goldman Sachs International Corporation; Hambros Sank; BJ; International; Bank; Daiws Lynch; Morgan Stanker International; Nikob Securities Company (Europe); Nomura International; Sanwa International; Samuel Montagu & Co.; Societe Generale Strauss Turnbuil; Swiss Bank Corporation; UBS-Phillips & Drew; Wallman Int.; S.G. Warburg Securities; Wood Gundy



INTERNATIONAL CAPITAL MARKETS

Weak conditions delay Morgan Stanley deal Canada to

THE SIMMERING debate over new-issue syndication and distribution came to the boil on the Euromarkets yesterday as news of the proposed syndica-tion procedure for Morgan Stanley's dollar deal for New Zealand was absorbed.

Reactions to the deal were mixed, with several houses

INTERNATIONAL BONDS

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expressing cautious approval for what they called an inter-esting experiment, and others arguing strongly that Morgan Stanley was forcing the pace of change too fast.

By the end of yesterday's session, the poor bond market conditions had precluded the deal's launch and it appeared that the issue would probably be delayed until at least next

Important US economic data later this week make it unlikely Morgan Stanley will bring the deal into what could be volatile trading conditions. An official representing the borrower said: "We are bearish on the market; this may take a few days or even longer.

It is understood that Morgan called a meeting of several houses shortly after lunch on Friday and told the group that it would be leading an issue for

The houses were told that the deal would be in the form of a fixed-price re-offering, whereby all members of the underwriting group would take part in the pricing and would receive the same % point commission. The syndicate agreement will then be broken at the lead manager's discretion and it is understood that this will be within a maximum of 24 hours after the launch of the

Among the houses thus informed and invited into the deal were Nomura, J.P. Morgan, UBS Phillips & Drew, Salomon Brothers, Merrill Lynch and Paribas Capital Markets. The common denominator appeared to be the banks' relationships with the borrower, although there were some notable absentees.

Yesterday, Morgan Stanley was tight-lipped, refusing to comment about press speculation over the terms of the new issue and declining to elabo-rate on elements of the documentation which will accom-

New Zealand.

Borrower CANADIAN DOLLARS	Amount m.	Coupon %	Price	Metally	Foes	Book runner
Swedish Export Credit(a)	100	Zero	41 ¹ 8	1999	11/2/1	Wood Gundy
AUSTRALIAN DOLLARS Senwe Australie(b)‡4	110	(b)	100.10	- 1994	10/8bp	Sanwa Int.
TEN CIBC(e)◆	7.5bn	Zero	88.275	1992	13/%	Mitsui Trust Int.
State Bk New South Wales(c)	65п	Zero	88.253	1992	1-6/4	Mitsui Trust Int.

pany formal launch of the deal. This left its competitors guessing as to the final nature of the deal, but prompted strong comment that the leaking of the news had been dam-aging to separate private nego-tiations between leading houses on ways to reform the mechanisms of the underwriting system. It is understood

that these negotiations, which included Morgan Stanley, had reached an advanced stage.

Officials at some of the invited houses were expressing reservations about the deal vesterday and said they had yesterday and said they had been surprised by Friday's meeting. It is understood the proceeds will not be swapped and that other houses were not bidding for the mandate. While there is agreement in

can lead to inappropriate levels, houses are divided as to what is the best way for-

deals under the current system

An obvious comparison with the World Bank's global bond issue, expected to be launched simultaneously in the US and Europe in September, was made by many players, who felt that Morgan Stanley should have waited for that deal before testing the Euro-

market on its own.

In addition, there were strong reservations that the Morgan Stanley system would diminish the ability of houses to distribute bonds to the retail network which underpins demand for Europonds. demand for Eurobonds.

According to new-issue sales staff, reaction yesterday from the Euromarket that pricing of investors to the structure was

muted, with many clients commenting that although the indicated pricing appeared generous enough, they would prefer to wait until after the World Bank deal.

An official at the New Zealand debt office said that it had expressed concern to Morgan Stanley that the new syndicate structure might be premature and it had received an assurance that there was a consensus in the market in favour of

change.
While that consensus clearly exists, the exact nature of any changes remains highly contentious and Morgan Stanley's move was judged to have pre-cipitated debate.

However, a Morgan Stanley official said the deal was not meant to present the only solution to the market's problems.

Swissair in money-back bond option

By John Wicks in Zurich

SWISSAIR IS to issue Switzerland's first warrant bonds equipped with a money-back option. Credit Suisse is underwriting the SFr100m issue, which has a coupon of 3.25 per cent and matures in 10

The bonds, which have a nominal value of SFr5,000, separate "C" warrants and eight "D" warrants. Each of the "C" warrants entitles the holder to the purchase, at a unit price of SF1168, of one Swissair dividend certificate with no par value between September 15, 1989, and September 15, 1992. Each of the "D" warrants has the same entitlement, but until March

underlying cash market, sluggish. The FT-SE 100 index finished 28.3

FT-SE option crowd as players

London futures tighten exchanges may trust and soon sell in US loan rules

By Robert Gibbens in Montreal

CANADA'S federal govern-ment will monitor all direct and indirect purchases of shares in federally-incorpo-FUTURES AND options exchanges in London expect to secure shortly the lifting of a ban on selling British options products in the US. rated trusts and loan compa-Subject to certain ill-defined nies as of last Friday.

The move is linked with the Government's new trust and loan legislation, expected to be tabled this autumn, which will allow commercial groups and conglomerates to own a maximum of 65 per cent of such companies.

Another reason is the possi-ble change of control of Canada Trustco, one of the country's two largest trust companies. It is almost 100 per cent owned by Imasco, the tobacco products, fast food and retailing group.

Imasco, in turn, is 40 per cent owned by BAT, which is the target of a takeover bid by financier Sir James Goldsmith. There has been speculation that Imasco might be sold either as part of BAT In-dustries' defence or if Sir James were to succeed in his bid.

Quotron wins forex deal By Alan Cane

ents.

QUOTRON International, a wholly owned subsidiary of Citicorp, has inflicted a sur-prise defeat on Reuters, the world's largest electronic pub-lisher, by winning a contract to support the development and management of an innovative London-based foreign exchange dealing settlement service called Fxnet. Established in 1987, Fxnet

By Katharine Campbell

exemptions, the sale of all for-

eign options has been banned

in America since 1978, but one

or two overseas exchanges have already secured relief

In May, the way was cleared

for London exchanges to apply to the Commodity Futures

Trading Commission for per-mission to sell their options

products in the US, following

the agreement between US and

UK regulators on the so-called

part 30 exemption lifting restrictions on British firms

selling futures to American cli-

Financial Futures Exchange, the International Petroleum

Exchange and London Fox

have submitted applications to the CFTC. Liffe, which has taken the lead in the talks, hopes

from the ban.

seeks to reduce the risks and costs involved in foreign exchange dealing by a process it calls "netting by novation." This means that through the working day, a computer keeps track of forex deals carried out by any pair of counterparties taking part in the scheme; at the end of the day, each settles its account with the other by a single, net payment.

The 12 partners in Fxnet include Bank of America, Chemical Bank, Chase Manhattan, Citibank and Lloyds.

LONDON TRADED OPTIONS

A SHARP drop in the equity market yesterday unsettled options players, although turn-

with much of the activity sparked by the announcement of favoura-ble third quarter results. A straddle in the November 200 calls and puts of 500 lots each

side was the largest trade. A total of 1,703 Hanson options changed hands, 1,172 in call series.

Last year, the Fxnet board decided to allow any foreign exchange dealer, including investment banks, financial institutions and multinational companies to participate. The first non-bank, Merrill Lynch,

for an answer imminently.

Mr Mark Harding, partner at

Clifford Chance in London,

noted "these discussions have been much less contentious

than the part 30 negotiations. The CFTC has shown great

enthusiasm to get the matter sorted out."

A favourable outcome could aid the Chicago Mercantile Exchange, which is currently

awaiting the go-ahead from the

Department of Trade and Industry for its after-hours

trading system Globex to be recognised as an investment exchange under the Financial

Services Act. London exchange

officials have expressed con-

cern about certain anti-competitive aspects of US derivatives

Meanwhile, the London Traded Options Market is seek-

ing permission from the Secu-

rities & Exchange Commission

for UK brokers to solicit equity

options business in the US, and

the exchange hopes to obtain a no-action letter from the com-

mission by the end of the year.

expects to be participating by the end of the year. Mr Peter Bartko, Fxnet chairman said: "Increasing interest in our product from major foreign exchange players in Switzerland, Germany and Japan led the Fxnet board to search for a single source supplier to provide the necessary global communications capability".

Quotron is a leading US quote vendor, but its skills in networking and foreign exchange dealing management had not been widely appreciated. It beat Geisco, the world's largest commercial computer network operator, as well as Reuters, for the contract,

active, and the rumour doing the rounds of the market was that the US group A&P might be a predator after its failure to secure Gate-

rumour bld hit list, and the Janu-

US Treasuries decline over Fed interest rates stance

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds extended Friday's sharp decline yesterday, weakening modestly by midsession amid uncertainty about the US Federal Reserve's thinking on interest

At midsession, the Treasury's new benchmark long

GOVERNMENT BONDS

bond sold in the last leg of the quarterly refunding last week was quoted it point below Fri-day's close for a yield of 8.14. per cent. Short-dated maturities were also around & point down, indicating a loss of confidence that the Fed will ease.

The question of interest rates is firmly back at the top of the agenda since Friday, when an anonymous Fed offi-cial was quoted as saying that the Fed would not ease again

soon. The Federal Open Market Committee meets next Tuesday and Wednesday. After Friday's encouraging producer prices decline in July,

several market participants appeared to anticipate another imminent easing. However, those hopes were dashed when the Fed arranged a draining operation through four-day matched sales. Yesterday, the Fed did not operate, consistent with an unchanged Fed Funds target of around 9 per cent to 9% per cent. Headlines were made again

yesterday morning by some surprisingly frank comments by Mr Richard Darman, the Administration's budget director, who warned the Federal Reserve that high interest rates and tight money risked tipping the economy into reces-

The bond market yesterday morning appeared to be erring after the surprising 0.9 per cent rise in retail sales in July reported on Friday and substantial upward revisions in previous months' sales figures. There is a great deal of eco-nomic data to digest this week, as well as unusually large three- and six-month bill auc-

■GAINS POSTED by UK gilt-edged securities, following firming the slowdown in domestic demand, were not sustained through the day. Slight currency weakness, combined with a further downward bias in the US Treasury bond market, caused prices to drift back in a quiet market towards the close, so that long gilts finished just % of a point

firmer on the day.
Initial selling by Japanese investors overnight was countered by the lowest growth record since the CBI began publishing its distributive trades survey six years ago. Later in the morning, a 0.6 per

	•	Coupon	Red Date	Price	Change	Yield	Week ago	Monti ego
No 2		13,500 9,750 9,000	9/92 1/98 10/08	107-08 98-20 98-22	+4/32 +2/32 +5/32	10.68 9.99 9.14	10.82 10.09 9.19	10.97 10.31 9.34
US TREA	SURY *	9.125 8.875	5/99 2/19	105-12 107-21	-15/32 -6/32	8.16 8.18	8.05 8.12	8.03 8.10
JAPAN	No 111 No 2	4.600 5.700	6/98 3/07	96.8915 106.5543	-0.029 + 0.099	5.11 5.00	5.13 4.98	5.22 5.05
GERMAN	Y	7.000	2/99	102.2000	-0.350	6.67	6.68	6.64
FRANCE	BTAN OAT	8.000 8.125	1/94 5/99	98.0156 98.6000	-0.210 -0.500	8.53 8.33	8.62 8.39	8.79 8.56
CANADA	•	10.250	12/98	105.0000	-1.300	9.43	9.29	9,29
NETHERL	AND\$	7.000	3/99	100.0900	-0.280	6.98	7.03	7.02
AUSTRAL	IA	12.000	7/99	94.5379	-0.211	12.99	13,00	13.43

DENCUMARY COVERNMENT ROUN

Technical Data/ATLAS Price Source

RISES AND FALLS YESTERDAY

cent drop in July retail sales volumes helped the market. However, sterling queasiness in the afternoon, combined with losses in the US market, took the edge off the morning

BONDS IN the German mar-

ket traded down yesterday, responding to US Treasury bond weakness and the firmer Prices were marked down by

as much as 25 pfennies in the longer maturities at the official

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times.

-	EQUITY GROUPS		Mond	ау Анд	ust 14	1989		Fri Aug	Thu Aug 10	Ang 9	Year ago (approx)
FI	& SUB-SECTIONS gures in parentheses show number of stocks per section	index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div, Vield% (Act at (25%)	Est. P/E Ratio (Net)	xd adi. 1989 to date	Index No.	Index No.	ladex No.	index No.
1	CAPITAL GOODS (207)	1891.05	-1.0	19.71	4.04	11.47	20.84	1011.25 1239.29	1903.72 1238.54		808.72 1813.78
2	Building Materials (29) Contracting, Construction (38)	1512.70	-1.6 -1.5	12.29 14.64	4.36 4.37	10.13 8.93	26.47 33.67	1622.28	1638.61		
2	Electricals (9)	2070 72	-0.7	7.88	3.89	15.71	52.79				
2	Electronics (30)	2261-65	-0.9	8.63	3.31	15.11	47.99				
- 7	Mechanical Engineering (55)	542 65	-1.6	9.97	4.03	12.24	19.58	551.48	552.67		
8	Metals and Metal Forming (6)	517.40	12	19.47	5.80	5.64	14.84	523,42	522,47	525,79	481.60
٠,	Motors (17)	359.95	-1.7	19.69	4.30	18.94	8.25	365.12	365.48	368.42	279.50
חו	Other industrial Materials (23)	ITX37.63	+0.6	8.45	3.82	14.12	34.82				
21	CONGINED COOLD (186)	1 132 60	-1.1	8.14	3,19	15.43	22.10		1355.69		
22	I Brewers and Distillers (22)	11513.70	-8.6	8.81	3.23	14.21	25.65	1522.95		1523,21	
25	Food Manufacturing (20)	11172.91	-0.9	8.61	3.56	14.53	21.84	1183.73			
26	Food Retailing (14)	2583.65	-1.6	7.76	2.67	17.04	38.37	2624.82			1949.36
27	Health and Household (14)	2465.47	-0.9	5.96	1.67	19.80	22.32	2487.71	2486.77	2499.77	1814.43 1369.69
29	Leisure (33)	1745.66	-1.0	7.21	3.19	17.19	31.23	1764.02		1783.88 622.29	525.83
31	Packaging & Paper ().5)	61Z.Z8	-1.2	9.57	4.85	13.19 15.57	9.63 88.95	619.58	629.46 3854.57	3852.61	
32	Publishing & Printing (19)	3839.45	-0.9	6.28	4.54	12.19	17.82	3873.68 882.68	283.78	897.84	813.76
34	Stores (34)	561.54	-2.0 -0.4	10.12 10.65	4.21 5.17	11.25	15.36	563.94	562.88	564.35	589.75
35		1197.44	-14	9.64	3.98	12.42	23.13	1216.37	1215.60	1220.79	1
40	OTHER ERUOPS (73)	1227.44	-1.3	6.76	2.23	18.29	22.79	1682.35			1869.19
41	Agencies (17)	1550 00	-23	11.64	4.63	18.68	49.83	1376.94		1356.88	
43	Constanting (12)	7804.46	-0.8	9.48	4.52	12.41	28.35			1810.78	
45	Teanceout (13)	2435.91	-11	8.61	3.71	15.10	48.89	2462.54			1952.83
47	Tolenhone Networks (2)	1096.11	-1.0	11.19	4.53	-11.65	22.38	1107.73	1109.33	1107.03	943.31
48	M Isce Inneous (26)	1915.32	-2.5	8.56	3,14	13.26	- 29.04	1965.62	2800.99	2015.66	1192.16
49	INDUSTRIAL GROUP (486)	1238.49	1.2	9.26	3.64	13.35	22.74	1245.48		1250.53	978.43
51	Oll & Gas (14)		-1.0	9.79	5,16	13.59	73.67			2179.78	
59	500 SHARE INDEX (500)	1318.52	-1.2	9_32	3.84	13:38	26.89	1326.14		1329.92	
61	FINANCIAL GROUP (124)	785.36	-1.1	-	5.17	· -]	23.03	793.98	795.80	797.99	695.13
62	Banks (9) Insurance (Life) (8)	778.23	-3.7	22.29	6.41	5.92	33.83	792.84	794.47	797.31	656.32
65	Insurance (Life) (8)	1190.22	-0.9	-	5.82	- ,	29.56	1287.19	1268.44	1207.56	
65	Insurance (Composite) (7)	i 625.36:	-0.7		5.81		18.82	430,61	636.34	629.86	540,24
67	Incurance (Brokers) (7)	1 934.041	-L6	8.08	6.65	16.64	31.89	949.63	952,14	956.60 369.31	947.689 359.32
ᄻ	Merchant Banks (10)	366.77	-0.7	- ,_	4.32 2.85	28.64	7.36 18.67	369.23 1383.66	368,87 1383,58	1393.22	307.32 1221.52
69	Property (52)	2375.62	-0.6	6.17	5.83	11.98	9.83	377.50	379.63	388.01	379.34
70	Other Financial (31)	3/4.94	-6.7	10.74							908.53
71	Investment Trusts (69)	1253.77	-0.9		2.66	13.21	16.93 15.84	1265.22 723.68	1268.44 721.11	1267.43 719.83	588.98
81	Mining Finance (1)	712.13	-2.6	8.48	3.60 5.12	11.38	43.33	1408.47	1405.88	1401.57	
91	Overseas Traders (8)	1788.21	-1.4	16.03							
99	ALL-SHARE INDEX (702)	1182.61	-1.2		4.60		25.67		1194.84	1200.27	949.46
		Index	Day's	Day's	Day's	Aug	Aug	Aug	Aug	Aug	Year
1		. No.	Charige	High (a)	Low (b)	_11	10	9	8_	7	<u>ags</u>
$\overline{}$	FT-SE 100 SHARE INDEX4	2325.9	-28.3	2327.5	2314.4	2354.2	2347.3	2360.4	2341,1	2341.5	1816.8

FD	(ED I	NTE	RES	F.			Average gross Redemption yields	Mor Aug 14	Fri Aug 11	Year ago (approx.)
PRICE INDICES	Mon Aug 14	Day's change	Fri Aug 11	xd adj. today	xd adj. 1989 to date	1 2	British Government Low 5 years Coupons 15 years	9.42 9.07 9.01	9.46 9.08 9.02	9.77 9.47 9.11
British Gerenmen 5 years 2 5-15 years 3 Over 15 years 4 irredeemables	.119.14 .135.02 .147.92	+0.24 +0.28	119.00 134.91 148.08 170.13	0,22 0.58		5 6 7 8 9	Medium 5 years	10.29 9.47 9.13 10.43 9.67 9.29 9.06	10.34 9.50 9.15 10.46 9.70 9.32 9.05	18.21 9.68 9.32 10.32 9.83 9.37 9.68
5 Atl stocks	132.75 141.77	+6.20	132.66 141.76	0,18	8.18 1.36 2.50	11 12 13	Index-Linked inflation rate 5% Syrs. laftation rate 5% Over 5 yrs. laftation rate 1.0% Syrs. Inflation rate 1.0% Over 5 yrs.	2.86 3.46 2.12 3.31	2.85 3.46 2.11 3.30	3.94 3.89 2.06 3.73
8 All stocks	139.90		139.89	0.61		15 16 17	Bels & 5 years Leans 15 years 25 years	12.76 11.65 11.08	12.78 11.77 11.16	10.84 10.81 10.81
10 Preference	89.09	+0.26	88.90	0.64	3.54	18	Preference	10.21	10.23	9.82

British Funds Corporations, Dominion and Foreign Bonds Industrials industrials Financial and Properties .. **LONDON RECENT ISSUES** EQUITIES u2.81 1.9 4.2 17.0 75 Milple Estates 50 35 Plambassador Sec. Gen. 5p. 61 Babcock Ind., Group 109 108 Placorare Intl. 100 146 HOanbury Group 109 48 Platamond Group Hidgs. 5p. 62 Pferweit Group 109 4 Harston Warrants 125 St. Ceraste FF0 35 42 Lewenged Opportunity Tst. 6101 Morris (Phillip) Co's. 51 45 Pacific Prop. Inv. Tst. 109 17 Do. Warrants 110 Hollar Electronics 109 110 Polymer 100 110 Coll Warrants 110 Hollar Electronics 109 110 Hollar Electronics 109 110 Hollar Electronics 109 11/8 03.0 1.7 6.3 11.1 15.2 1.9 6.1 10.9 15.06 2.0 4.4 9.0 11.13 4.7 1.6 17.5 11.8 3.0 3.6 15.3 RQ49.5 28 25 15.5 0\$4,05 2.5 2.5 15.8 13.75 - 9.9 -Radiotrest Richmond Off & Gas 10p #Smith Clames Estates Solithkline Beecham "A" Do. Beecham/Beckman Ifts 10/7 B5.0 16 57 132 M.0 21 22 233 FIXED INTEREST STOCKS Price + or Pald HTgh Low 108p -2 108p -2 102p -14 102 +1 102 +1 102 -16 1005 -16 1005 -1 122p 122p RIGHTS OFFERS Closing Price p Paid Renosc Date 61am AlM Group 10p ... bom Astra Hidgs ... Tig Bear Brand ... Topin Egentus Triss ... 12-pan Essente Group 10 60am Histories Swalne ... Topin Swalnerland History Swalnerland History 61pm -8 9pm 934 9pm +1 3pm 63pm 11pm 7pm -1 95pm 9pm 12 neualised dividend. In Figures based on prospectus exilinates. Il Dividend rate paid or populate on part of capital, based on dividend on full capital. I Resurred dividend and yield. I Dividend and yield exclude special payment, a st, or exilmated associated dividend rate, cours hased on previous year's semings. If Dividend and yield based on excises or other official estimates for 1999. It Dividend and yield based on prospecture or other official estimates for PLL Estimated anomalised dividend, cover and pic based on latest anomal semings. If Dividend and yield based on prospecture or other official tasks for 1989-90. Q Gross. R Forecast, ammelised dividend cover and pic ratio based on prospecture or other official tasks for 1989-90. Q Gross. R Forecast, ammelised dividend cover and pic ratio based on prospecture or other all estimates. W Pro Forma liquites of issued by tender-1, Official to Indides of continuous basers as a "rights". I succlose Reacting price the Reintroductional based in connection with engrandation energy or attachment. Third etc. I be a successful to the proparation of merger or attachment. ● First Dealings ● Last Dealings Radio, Control Secs, Noriolik Cap, Leis inv. Amstrad, INC, Bullers, CityVision, Biscks Leis, casket, T Cowie, Mediurace Far Est Res, Regenterest, Sanderson Elect, Aug 18 Nov 9 Nov 20

ary 390 calls saw a total of 504 lots. Turnover was split between 870 calls and 489 puts. Takeover talk also boosted Scottish & Newcastle stock, which concentrated on the index to tai-lor their exposure to the new Another focus was on Cadbury, where General Cinema's reduction of its stake last Friday occamarket conditions. Open interest sioned speculation that a full dis-posal might be imminent. Some activity in the puts, against a clos-Ing out of call positions. Turnover in the index amounted to 9,678, with 5,193 calls and 4,482 traders anticipated decreased volatilities from the current 30 per gained 8p in contrast to the signif-lcant losses elsewhere. The market is again contemplating the cent levels, and consequently selling straddles - notably in the February 420 series. puts. The heaviest activity was seen in the August 2,350 calls, where open interest dropped from stake may be sold preparatory to A total of 1,220 options in Cad-CALLS PUTS Oct Jan Apr Oct Jan Apr Option CALLS PUTS Oct Jan Apr Oct Jan Apr Sep Hor 360 40 52 65 8 390 22 35 48 22 420 12 23 34 44 Smithic Behm 541 55 75 - 8 15 - (*577) 550 - - 85 - - 23 600 20 40 55 35 39 43 550 95 113 - 1½ 5 -600 51 73 89 9 14 20 650 22 40 58 28 33 38 1450 72 110 157 24 45 52 1500 45 80 127 46 67 75 1550 22 58 102 72 94 100 750 100 125 - 30 35 - 800 75 92 110 45 55 60 850 45 70 90 77 75 85 420 59 76 86 7 13 20 460 33 49 62 24 30 38 500 14 30 41 60 62 63 Midland Bk 329 15 26 - 11 15 (*329) 330 - - 35 - -428 46 63 72 6 9 15 468 22 38 47 23 27 32 240 15 18½ 27 8 11½ 13 260 6½ 10 15½ 19½ 23½ 24½ 70 12 15 17 1½ 3½ 5½ 80 5 8 10 6 8 8 500 40 60 80 10 20 25 550 17 35 52 37 42 47 30 37 48 6 10 13 14 23 - 16 23 -- - 30 - - 27 CALLS Aug 282 232 183 133 88 48 21 Sep 294 245 197 153 111 73 47 Oct 303 257 213 169 129 97 66 Now - 272 228 187 148 115 85 Jun + - 387 - 310 - 240 - 1 190 27 33 35 2½ 4 6 200 13 20 22 2½ 4 6 220 5 11 13 21 21 24 PUTS Aug 1½ 2½ 3 4½ 11 24 48 Sep 3½ 6 9½ 14 24 38 62 Oct 8 11 15 23 33 48 72 1 Mow - 15 21 28 40 56 78 1 Jun r - 50 - 70 - 110 -390 49 63 71 420 26 38 48 460 8 18 25

water industry.

A merged Lilley and Tilbury would have around half of its turnover in construction and specialist services, areas which

can take advantage of increased spending on the public services. He plans to expand that proportion to two thirds if he takes control.

And Mr Rankin says that the Lifley losses in 1985 occurred before he, and other top man-agers, joined the company.

Since then, Lilley has returned

to profit, recording £2.2m pre-tax in the year to January 31 1988 and £7.8m in the following

11 months. Analysts are fore-

casting £18m pre-tax for this

Tilbury has pointed out that four of Lilley's six subsidiary

managing directors are still in

the same jobs as they were at the time of the losses. But Mr

Rankin says that those managers were in charge of the UK businesses, which continued to

make profits despite the prob-

However, Tilbury is uncon-

reinforcement company, early in the period. Activities sold put in sales of £18m (£52.83m)

and trading profits of £1.01m

Sir James foresaw an

improvement in the transport

Declining UK haulage margins hit TDG

lems of the US subsidiary.

Turnover is vanity, profit sanity

Bob Rankin (left), chief executive of Lilley and Mike Bottjer, chief executive of Tilbury.

vinced by Lilley's arguments. It believes that it is already well placed to win infrastruc-

ture contracts, particularly those medium-sized deals where its specialist engineer-

ing skills can give it an edge.
In contrast, Tilbury says

that Liliey's strategy appears to involve bidding for larger contracts, where competition is

intense and margins are tighter. Turnover is vanity and profit is sanity." says Mr

Mike Bottjer, Tilbury's chief

executive. Tilbury also dismisses Lil-

ley's geographical justification

for the merger, saying that its current efforts "are directed to

areas where it perceives the prospects for profitable growth. A merger with Lilley would dilute those prospects."

As evidence of its prospects, Tilbury cites the development of the old Peugeot Talbot site

at Linwood, near Glasgow, Til-bury acquired the 300-acre site

for 56.1m and has already sold 15 acres to Asda for £11m. All but 15 of the remaining 286

Philip Coggan weighs up the Lilley bid battle for Tilbury

acres have planning permis-

But the key question is, of

course, price. Mr Richard Hopewell, a building analyst at

Swiss Bank Corporation, has valued Tilbury at 780p per

share, including a valuation of £30m for the Linwood site. The

estimate prompted Salomon

Brothers, Lilley's merchant

banking adviser, to take the

unusual step of issuing a press release attacking an analyst's

Salomon and Lilley say that

the Linwood site is worth around 215m plus "hope value" for future development which

may be less than expected

since an enterprise zone, with attendant tax advantages, is just a few miles away.

There has been no profits forecast from Tilbury as yet, although analysts are estimat-

ing £20m for the full year. Based on last year's earnings, the Lilley offer values Tilbury

on a price/earnings ratio of around 12, compared with the contracting and construction

sector average of 9. Whether that will be enough

to convince major institutional abareholders such as M & G, which owns 11.9 per cent, or Henderson (4.6 per cent), Phillips & Draw (6 per cent), and Prudential (5.5 per cent) is

open to question.

Most expect Lilley to

increase its offer, with perhaps

a element of cash thrown in.

But there is a limit to the extent to which Mr Rankin is

extent to which are right in likely to accept earnings dilution — he is entitled to a large number of Lilley share options at 44p, only if Lilley's eps growth between 1988 and 1991 is better than 75 per cent of the

FT-SE 100 companies. Overpay-

ing for Tilbury would be

against his own, as well as his shareholders', interests.

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UK COMPANY NEWS

HE CASUAL observer who looked at the track records of Lilley and Til-

bury, the two construction companies locked in a bid bat-

tle, might assume that defeat for the predatory Lilley was

Tilbury has achieved earn-

ings per share growth of 33 per

cent per annum since 1984 whilst Lilley had to suffer the agonies of a 250m loss in 1986.

caused by problems at its US

Certainly Tilbury's current 648p share price, well above the level of Lilley's 587p all-

share offer, seems to indicate that the market thinks the

offer has no chance at its pres-

a remarkably strong position at the offer's first closing date

yesterday. Already, it has picked up 9.8 per cent of Til-bury in the market and has

persuaded Tilbury's largest single shareholder, fund man-

ager John Govett, to give irrevocable acceptances in respect

of a 14.1 per cent holding.

Mr Bob Rankin, the former chief executive of BICC's con-

struction subsidiary Balfour Beatty, who is now Lilley's chief executive, believes that

the track records are irrelevant. Merger with Tilbury, he argues, will create a construc-

tion company capable of meeting the challenges of the 1990s,

in particular the expected

by its concentration on what he describes as the

he describes as the "real estate" business - housebuild-

ing and property. But he thinks the boom in those sec-

tors is over - in future the key areas of growth will be roads,

hospitals, schools and the

DWINDLING PROFIT margins from UK road haulage operations resulted in Trans-

port Development Group announcing a fall from £20.2m to £19.24m in pre-tax profits for

By Clare Pearson

boom in intrastructure spend-

He believes that Tilbury's

Given those facts, Lilley is in

ent level.

Williams

increases

to 5.85%

By Clay Harris

Yale stake

WILLIAMS HOLDINGS, the

industrial holding company, has raised its stake in Yale & Valor, the security and home

products group, to 5.85 per

williams paid 335p per share on Friday for a 2.2 per cent holding owned by inger-soll Rand, the US industrial equipment maker.

Yale's shares yesterday

jumped 26p to 364p, providing an unexpected benefit for its own pursuit of Myson Group.

the boiler manufacturer which earlier this month switched to

a higher bid from Blue Circle Industries.

On the strength of yester-day's advance, Yale's mixture of convertible preference

shares and cash is now worth close to 231p, more than the 230p value of Blue Circle's novel "assured value" share

However, Yale would still

have to show a considerable advance for its terms to better Blue Circle's 240p cash offer. Also, if Yale itself were to

become a serious takeover can-didate, it is uncertain that the

bidder would necessarily want to proceed with the Myson

offer.
Yesterday, certainly, Mr
Nigel Rudd, Williams chairman, did not appear to be over
impressed with the attractions
of Myson. As to Yale itself, he
left Williams's long-term
options open, but said, "We're
not going to bid tomorrow.
This block of shares came on
offer. We've always been inter-

offer. We've always been interested in Yale & Valor, so we

decided to take the stake." Both Williams and Ingersoll had appeared on Yale's share

Savage shares drop 40p after profits warning

SHARES IN Savage Group, the USM-quoted DIY and hardware group, yesterday fell 40p to 110p when the company issued a profits warning.

The announcement highlighted generally difficult conditions within the DIY market. It blamed a "sudden and sharp" decline in demand on hot weather, high interest rates and the slow-down in the UK housing market.

The warning, which followed several profit downgradings on the USM in recent weeks, will underline City fears about a squeeze on the profitability of smaller companies.
Savage, which has been

highly acquisitive in the UK and on the Continent, was per-

ceived as one of the USM's most dynamic companies. The group said that its profits for the year to June 30 would be only slightly higher than the £7m it scored the pre-vious year. This compares with analysts' forecasts of between Analysts' estimates were yesterday revised downwards to about £7m for the year to June 30 and about £9m for the

current financial year. Mr David Stephens, finance director, said that the excep-tionally good weather which deterred people from shopping for DIY products, was the principal factor in the downturn. This was also detectable to a lesser but significant extent in Continental Europe.

The company, which has

gearing of 80 per cent, also suf-fered from the impact of higher interest costs.

The company started to experience problems in April, which gave it insufficient time to adjust cost levels within the current financial year, he said. There have since been signifi-cant reductions in manpower and overhead spending. Savage said that although trading since the year end con-tinued to be slow, recent evidence indicated some return of customers to the shops. It expected some improvement in the market this autumn with a return to more normal volumes in the early part

It added that it saw the medium term outlook in the UK as attractive with the UK trading companies continuing to gain market share. It also said that progress was been made overseas, with gains in market shares and significant progress in restructuring the French businesses acquired in

May 1988.
Savage's rapid expansion since joining the USM in May 1986, has taken it into The Netherlands, West Germany, Belgium and France. Savage supplies products, ranging from shelving to outdoor furniture, to retailers such as B&Q.

Caparo to sell Armstrong stake

By John Ridding

CAPARO GROUP, the private holding company controlled by Mr Swrai Paul and his family trusts, is putting up for tender its 29.5 per cent stake in Armstrong Equipment, the industrial fastener and engineering

Bidders will have to offer a minimum of 185p cash per share, which would give total proceeds of about £28.83m. Yesterday. Armstrong's shares closed at 175p, down 6p.
Armstrong said it would

have no hesitation in recom-mending shareholders to reject any bid for the company at the tender offer price. Caparo has built up its stake in stages since 1986 and only

DESPITE some speculation.

the proposed deal between Isosceles, the victor in the

£2bn-plus battle for control of

the UK food retailer Gateway,

and Newgateway, Isosceles' US-backed rival, failed to mate-

rialise yesterday. It is understood that negotia-

tions between the parties are

still continuing, with hopes of

an announcement either today

Isosceles declared its bid

unconditional last month, but Newgateway retained a 40 per

or later this week.

took it to its present level last

At the beginning of the year, Mr Paul's stake helped Armstrong fight off a bid from Wardle Storeys, the plastic sheeting and survival equip-

ment group. However, Mr Paul said yesterday that the hoped-for co-op-eration between Caparo and Armstrong, which the latter offered after the bid battle, had failed to materialise.

"Sadly, Armstrong's management have decided that they do not want any closer involvement with us and, as a result, we do not wish to remain a passive investor with such a large investment over which

Over the past week, there has been talk of a plan put forward by Isosceles, which

involves Newgateway accept-

ing the offer - comprising cash plus shares in Isosceles - and also being given some additional investment in the

Isosceles equity so that its effective control in the food

The additional shares would

come from Isosceles' institu-

tional backers, although the

price at which they would be

acquired seems to be still a

retail group is not diluted.

we have no control." He said that his final decision followed Armstrong's refusal to give Caparo a seat on the board. But he added

that "there was no bad feeling between the two companies."

Analysts expressed doubt that a buyer would be found at the tender price. One com-mented that "the decision to launch a tender meant that they haven't been able to find

a buver. He said that Armstrong was "much less appealing following the disposal of its shock absorber business in May, although the £45m or so on the balance sheet could prove

suggestions that Newgateway

would be given some represen-tation on the Isosceles

Any deal would require the

approval of the Takeover Panel – given that Newgateway said

in the closing stages of the bid that it intended to retain its

stake in Gateway and had no

celes hid whatever the out-

The Panel would probably

take into account the best

See Lex

interests of the ongoing busi

register last summer, when a flurry of takeover speculation briefly lifted Yale's price to just short of 500p. just short of SUOP.

Mr Jeoff Samson, Yale managing director, said his company had not been in recent contact with either share-Gateway situation unresolved

Magnetic divestment

Magnetic Materials Group, a USM-quoted magnetic components maker, has sold most of its permanent magnet business to Outokumpu, the Finnish mining, metals and engineering group for a provisional consideration of

group's recent move into soft ferrites, with the acquisition of Krystinel Corporation. The increasingly difficult to allocate the investment necessary to remain a competitive force in the permanent magnet busi-

the six months to end June.

Trading profits from UK
transport operations fell to £3.72m on sales of £100.61m, compared with profits of £6.2m on sales of £94.53m last time. Sir James Duncan, chair-2.7m cash.
The divestment follows the

particularly during the first few months of the year, the Square Grip Group, the steel

nells, the remaining parcels business, was returning to man, said the erosion of margins arose from three main facprofitability against a very dif-ficult market background backtors. Demand for road haulage services had been at low levels

In the UK, the storage division provided £5.8m (£5.83m) of parcels operations were there had been some bad per-£33.42m (£30.41m), while in Europe it contributed £669,000 The half-yearly figures were (£368,000) on sales of £3.38m also affected by the sale of (£2.85m).

age saw a decline because of removal of EC intervention stocks. However, this fall had now been halted. Plant hire and other services had a strong half year and operating profits rose to £2.31m in the UK although the Euro-

ing businesses increased profits by 25 per cent, but cold stor-

division's performance in the second half. Strong corrective action had been taken in cerpean contribution fell slightly. TDG said demand at present from the construction industry tain parts, and overall it was now better adjusted to the competitive environment. Tuffin the UK remained strong. Turnover totalled £289.2m (£287.6m) and operating profits were £21.28m (£23.96m). Net interest payable stood at

£2.05m (£3.76m). Earnings per share came out dividend is maintained at

• COMMENT TDG said the UK warehous- Despite a few encouraging

points, such as a halt to the long decline in profits from cold storage, the overall impression is of yet another set of disappointing results from Transport Development Group. Back in March it issued one of the first warnings about the impact of the slowdown in the UK economy on its transport operations; but the margin erosion is still startling, and there is no way of saying yet how beneficial the company's "strong action" may have been Profit forecasts for the full year were yesterday cut to no more than £46m, down from £47m last year. That the shares stand on a prospective p/e of takeover speculation. Bid hopes have been flourishing lately, but they by no means carry conviction in all quar-

cent stake in the food matter of negotiation. ness, but last night it seemed that discussions with the UK There have also been bid watchdog were also still Daejan Holdings

The Chairman, Mr B S E Freshwater, reports:

- Record pre-tax profits of £32.5 million but profits in current year likely to be considerably lower.
- Group net assets £250 million based on current market values (before allowing for tax on realizations).
- US property interests now represent 9% of total
- Group in strong financial position for future growth.

Year ended 31st March	1989	1988
Net Profits after Tax	£20.6 million	£14.4 million
Earnings per Share	126.52p	88.13p
Dividends per Share	22.00p	19.00p

Copies of the Report and Accounts are available from retary, 162 Shaftesbury Avenue, London WC2H 8HR.

SPONSORED SECURITIES

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parities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Securities designated ISED and CUSANI are occur in subject to the rules and regulations of the Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA. These Securities are dealt to strictly on a matched bargain basis. Neither Gramitie & Co.

Limited one Cramille Davies Limited are market makers in these securiti

These securities are dealt on a restricted basis. Further details available

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Crown Comms aims to raise Chiltern stake via cash offer

CROWN COMMUNICATIONS. the commercial radio and broadcasting group, is making a partial cash offer to share-holders of Radio Chiltern, a private radio company, in an attempt to raise its stake to 29.99 per cent, the maximum level permitted by the Independent Broadcasting

The offer, at £10 per share, follows Chiltern's attempt at the end of last month to repurchase Crown's existing 10 per

cent stake for 770p per share.
Directors of Chiltern were
yesterday unavailable for comment but a spokesman for Crown said that "it was keen that the offer should not be perceived as hostile." He said that Crown "has a reputation as a friendly minority investor

in the radio industry."

The move is the latest step in Crown's strategy of building stakes in radio stations operating in the south and east of ngland where radio advertising revenues are showing strong growth.

Crown holds stakes in 12 independent radio stations and owns 100 per cent of LBC, the independent London station.

3.0 9.2

62 8.4 10.5 10.6 5.1 3.6 8.8

3.5 12.6 9.4

29 143

6.9 5.3

27 11.1

77 Mansell Street, London El 8AF

Member of the Stock Exchange & TSA

Because LBC gives it a potential audience reach of 15 per cent of the potential audience for independent local radio, IBA regulations prevent it from owning more than 29.99 per cent of Chiltern.

Mr Christopher Chataway, Crown chairman, said that "there is no possibility of Crown seeking to acquire con-trol of Chiltern." He said that he hoped the board would be able to recommend the partial

Chiltern, which operates two local radio franchises, serving Bedfordshire, Northamptonshire and parts of neighbouring counties, is one one of the fastest growing independent stations. According to the Joint Industry Committee for Radio Audience Research, it increased its weekly adult reach by 17.8 per cent in 1988, more than any other station.

According to Crown, the offer of £10 per share represents five times the price at which Chiltern repurchased shares from Paul Ramsay Broadcasting last year. It also puts the shares on a multiple of 17.9 times earnings for the year to September 1988.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	for	Total last year
Fleming Claverint	2.5		1,7	-#	7.25
Howard Holdingsfin	0.9	Oct 18	8.0	1.5	1.3
Royal Sovereignint	1.4†	Nov 2	1.2	-	5.5
TDGint		Nov 6	3	-	8.5
Dividends shown pence	per shar	e net exce	ot where	otherwise	e stated.

Equivalent after allowing for scrip issue. Ton capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. ¶Third.

BOARD MEETINGS

The following companies if of board meetings to the Such meetings are usually pose of considering divider tons are not available a dividents are not available and dividents are into rims or divisions shown below are last year's binetables.	Stock Exchange. y held for the pur- nds. Official Indica- ts 10 whether the finals and the sub-

TODAY
serime- De Beers Consolidated Mines, EFT, est Scotlish American Trust, Laird, Monu- en Cui & Gas, Ree Brothers, Whitegate Haure.
nata- Evans of Lasds, inti Communication &

FUTURE DATES

£3m deficit at Noble and Lund

"inadequate management."

But he said there was no evi-

dence to suggest the falsifica-tion of documents.

problem has been largely sorted out by the sale of Kwik-

lok." It is being bought by its

management and Mr Michael Howarth, chief executive, is

required to invest £600,000.

According to Mr Martin, "the

NOBLE AND Lund, a manufacturer of office furniture and electric motors, has announced sharp losses for 1988 and the sale of two of its subsidiaries. Pre-tax losses up from

£1.47m to £3.02m, were the result of accounting errors at its Kwiklok subsidiary, a maker of flat pack furniture. Mr Ross Martin, chief executive since February, said that time he became involved stated that the business was profit-able. "But this proved to be

BOOTS kept on the pressure on fellow retailer Ward White

in the £900m bid battle yester-

day by buying more than 7 per

cent of its target's shares, tak-ing its total stake to more than

By Philip Coggan

erroneous and in fact it was loss-making to a significant 25.6m to £500,000.

Noble will write off intra-group borrowings of £1.66m and will pay £1.8m to Lloyds Bank in exchange for a reduc-tion in the potential liability of Noble under its guarantee from

Boots lifts Ward White stake to 27%

The purchases take Boots close to the ceiling of 29.9 per cent, the maximum it will be

allowed to buy in the course of

the bid, due to close on August

Last Friday, Ward White was

Following the sale of Kwik-

lok, group borrowings are He said that part of the prob-lem involved the overvaluation of working capital because of filling in 1928, compared with suspended at 96p since March.

interest receipts of 2520,000 in 1987 are expected to be sharply

The group is also selling its machine tool manufacturing subsidiary to Flexible Manufac turing Technology, a private company, for a total of £1.6m Mr Martin said that "the

group is now concentrating on the way forward." He said that he intended to add to the two remaining businesses through acquisition and "would approach shareholders over the next few months for a small rights issue."

Turnover increased from £22.61m to £38.38m but earnings fell from 9.9p to a loss of

forced to ahandon its hopes of constructing a rival leveraged buy-out deal to defeat the Boots bid. The news was seen

as greatly enhancing Boots' chances of success in its 445p

L&G gets greater access in Japan By Patrick Cockburn

Legal & General, the UK life insurance company, has reached a cooperation agreement with Kyoei Mutual Fire and Marine Insurance Com-pany of Tokyo giving it greater access to the Japanese market and to Japanese com-panies moving into Europe. Announcing the agreement Mr Brian Palmer, managing director concern insurance of

director general insurance at Legal & General, said yesterday that the company would now "be able to consider opportunities within the Japaiese market." Mr Palmer is to become

chairman of Kyoei Mutual's UK company.

The agreement would also provide business for Legal & General from Kyoei clients as Japanese industry moves into Europe in the run-up to the integration of Europe into a unified market in 1992.

Kyoei Mutual, a non-life Japanese insurance company with a premium income of \$1.3bn in 1988, said yesterday that the deal would bring it would also quality business. It would also involve some joint training.

Sea Containers plans to pay cash dividend

27 per cent.

SEA CONTAINERS, the ferry and container company, is likely to pay some form of cash dividend to holders of its common shares, irrespective of the outcome of the \$824m (£518m) bid for the group.

The Bermuda-registered

company is planning to sell parts of its business as a defence against the hostile offer from Stena, a Swedish ferry operator, and Tiphook, the UK container rental group.
At the weekend Mr James
Sherwood, Sea Containers'
president, said he had already
received offers which would allow him to pay a cash dividend of \$50 per common share - equal to the Stena/Tiphook bid price. The offers include one of £100m for Sealink's Isle of Wight operations, and

another of over \$400m for the group's standard dry container

Any cash dividend would be paid to holders of common shares. Excluding 2.8m shares held by Sea Containers' subsidiaries - there are about 11.9m common shares in issue on a fully diluted basis. That means Sea Containers would have to raise about \$595m with disposals to meet the \$50 a share divi-

dend target.
Mr Sherwood's plans will not be carried out before the settlement of a long-running legal action in the Bermuda Supreme Court, which is considering the legality of the

of the asset disposals. So far Mr Sherwood has earmarked 100,000 dry cargo containers for sale, but UK analysts believe the second-hand fleet would only realise about \$150m, despite a dearth of container units worldwide and a possible premium for the size and loca-

per share offer.

tion of the fleet. The inclusion of some of the Bermuda group's special tanker or refrigerated units in the package, or the addition of Sea Containers' 50,000 "doublesize" 40 ft dry cargo containers would increase the proceeds of

the disposals. A much smaller ferry bid – Sally UK Holdings' £20.9m cash

share purchases by Sea Containers subsidiaries.

That should give Sea Containers time to finalise details

The Sea Containers saga. Mr

Sherwood said that Sally had

expressed an interest in buying Sealink's Isle of Wight

Mr Michael Kingshott, Sally UK's managing director, said yesterday: "We are not hostile to [Mr Sherwood] and we have been in discussions since long before the Stena/Tiphook bid. Clearly we are examining all possibilities."

In June, Sally, whose ferries ply between Ramsgate and Dunkirk, launched a hostile bid for Red Funnel, which operates a car ferry and hydrofoil service between Southamp-

ton and Cowes. Seatink's two Isle of Wight routes account for about 77 per cent of the 7m passengers travelling across the Solent annually, with the balance using the Red Funnel service.





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UK COMPANY NEWS - THE BID FOR BAT

Argos: singular success and unbundler's dream

Pre~tax profits (£m)

1980

82 84 86 88

office of £5.6m in 1986 and £1.1m in 1987

Source : Company accs. / Verdict research

tive newcomer owned by Little-

woods. Catalogue retailing is a half-way house between home shop-

ping and a conventional high-

street operation.
Customers select goods from

a catalogue. In the store they

ask the staff for the item they want. The goods are brought

from the stock-room while the

customer is paying, and handed over at a collection

BAT's attempts at diversification into retailing have been a catalogue of failure - with one exception

OF ALL BAT Industries' with 62 shops by the end of attempts at diversification, Sir James Goldsmith has been most scathing about the move after bad. It closed the shops into retailing. "A conglomerate within a conglomerate" was his description of the diverse range of UK, US and European retail activities.

Although the idea of Jewellers Guild — to make the buying of jewellery less daunting and more affordable — was a

Certainly BAT's history of managing UK retail companies is not spotless.

Its purchase of International.

Stores in 1972 was one of the Stores in 1972 was one of the group's first moves into retailing, but it never really worked. After many management changes, the chain was sold in 1984 for £180m to Dee Corporation (now Gateway) when BAT decided it did not want to stick with food retailing BAT had sold Kohl's Foods, its US food retailing business, the previous retailing business, the previous

BAT has argued that inter-national was sold in the early days of the current chairman's tenure, and that at least the food retailer was put in shape before it was sold. However Hoylake's offer doc-ument pointed out that Inter-

(प्राच्या के विश्वहरू (प्राच्या के विश्वहरू (प्राच्या कि विश्वहरू

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THE STATE OF

national lost money in three of the five years before the dis-posal, and some industry observers have suggested that BAT could have obtained a higher price them it did higher price than it did.

Nor was BAT successful in starting up Jewellers Guild, its own jewellery chain, in 1984.

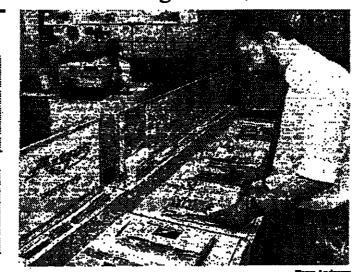
and more affordable - was a good one, it was one hit upon by Mr Gerald Ratner at about the same time, and executed by him with more flair and determination. Ratners' 1986 pur-chase of H Samuel, the best name in middle-market jewellery retailing, put paid to Jew-ellers Guild's chances of winning a large enough market

But at least Argos, BAT's sole remaining UK retail interest, has been a remarkable suc-

cess story.
Should Hoylake win its bid for BAT, there should be little difficulty in finding buyers for the fast-growing catalogue retailer, with analysts suggesting prices of up to £700m, though £600m might be more

Whoever buys Argos, says Mr Richard Hyman, managing director of Verdict Research, a retail research group, will make "the retail acquisition of the decade".

Although others have tried to copy Argos' formula, none has succeeded, with the possi-hle exception of Index, a rela-



making 'the retail acquisition of the decade

can take as little as a few minutes. It depends critically on excellent systems, to ensure stock is in place and quickly to hand in the stores, plus the skills of producing a catalogue which sets prices for six

BAT bought Argos in 1979 for £35m from its founder, Mr Richard Tomkins, the man who ran Green Shield trading stamps and, through Argos, introduced catalogue retailing

to the UK in 1973, having seen its success in the US.
Since the takeover, Argos
has expanded rapidly and profits have risen from £4.5m to
£59.6m in 1988. It is the market leader in selling small electri-cal appliances, and occupies second place in toys and jewellery retailing - the latter sold through Elizabeth Duke in a separate in store department. Earlier this year, Mr Mike Smith, managing director, plan aimed at increasing the number of stores from the current 240 to 625 over the next 10

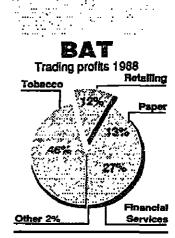
Argos is a different business than it was when BAT took it over, with an emphasis in recent years of repositioning the chain to keep up with the rising aspirations of consum-

Shops are being refurbished, there are more goods on dis-play so that customers can feel and see before they buy. Two new formats have been developed: Argos Superstores, which carry a range of 6,000 lines; and Best Sellers, which carry the top 1,600 selling lines in smaller stores, suitable for smaller towns which could not support a usual Argos store,

which carries about 3,500 lines. This planned change, Mr Smith stresses, was not worked out by Argos in isolation but with the support of BAT's head office, and notably Mr Tom Long, the BAT director respon-sible for Argos. Guidelines set by BAT, on sales and profits growth, return on capital and such like, "have forced strategic issues to be addressed," Mr Smith says. He believes that being part

of BAT has brought "enormous benefits to Argos". As well as enhancing the group's credibility with product suppliers and

BAT's performance in retailing is at the centre of Hoylake's most withering fire, and with the glittering exception of the Argos catalogue stores in the UK, the record indeed is none too bright. Maggie Urry in London, Andrew Fisher in Frankfurt and Karen Zagor in New York contribute the third in a series of articles on **BAT's constituent**



property agents, Argos has been able to exchange ideas with some of the other retailing arms on issues such as information technology.

"Most importantly," Mr

Smith says, "BAT has encouraged us to take a longer-term view of the business." That allowed the expansion, reposi-tioning and improvements to customer service in a stable atmosphere and without a need to maximise short-term

The planning process is two-way, Mr Smith says, with BAT contributing and not merely rubber-stamping Argos proposals. Mr Peter Fish-bourne, marketing director, says BAT was particularly

insistent, for example, on the plan to improve the total presentation to customers.

Argos has been self-linancing throughout its period of BAT ownership, and, Mr Smith says, will be able to pay for its proposed expansion.

BAT can credibly claim that its success with Argos has made up for its other efforts in the sector. And an "unbundling" of BAT could result in a fiercely-contested auction for

Maggie Urry

Previous articles in this series were published on July 27 and

A German asset not quite ripe for sale

HORTEN, West Germany's fourth largest retail group, has not exactly flourished under BAT Industries, although it has shed some ballast and tried to brighten up its image and

It is reckoned to be a prime candidate for sale if BAT falls into Hoylake's eager hands.

BAT bought into Horten in
1971 by paying DM 34m for the
25 per cent still held by Mr.
Helmut Horten, the founder.

After religing this to 34 per After raising this to 34 per cent eight years later, it finally

paid around DM 40m in August 1984 to increase its holding to 51 per cent. Horten has retained its stock market listing, which now val-ues it at DM 1.4bn (£455m). With 52 stores, Düsseldorf-

based Horten is a good deal smaller than Karstadt and Kauhof, its main rivals. Karstadt has as many as 145 department stores, while Kaufhof has 73. Both have

shown substantial profits growth recently as they have moved deeper into mail order, and retail businesses outside the mainstream store sector.

Horten, by contrast, has concentrated on its department

stores.

Diversification into fashion, gifts, and air freight proved unsuccessful and the units

Instead, it has embarked on a DM 500m five-year investment programme to modernise. 39 stores. This is making extensive use of the galleria concept, involving shops within shops. The other 13 shops, not in big towns, will be turned into mini-stores serving specialised local needs.

ocal needs. The problem for Horten

seems to be that much of this has been left rather late. Mr Malcolm MacLachlan, European retail analyst with UBS Phillips & Drew, the UK stockbroker, reckons the gal-leria concept, which is costly to realise, has only had limited success elsewhere in Europe. So there is no reason to suppose Horten will make it work any better.

Horten has a firefighting strategy, reacting to what others do," he says.
"It has to improve its profit per square metre, but it's

rather like King Canute trying to stop the tide."

But that is not the end of Horten's problems, says Mr MacLachlan. The stores lack the image in the customer's mind as the number one place to buy a certain article."

The sales and profit figures certainly tell a fairly unexcit-

Last year, turnover slipped by 4.4 per cent to DM 3.1bn - a figure slightly lower than in 1980 - mainly as the result of the closure of four unprofitable

Although profits were only DM 1m higher at DM 35m, this was a marked recovery from the DM 84m loss suffered in 1985. The relationship between turnover and floor space has PROFIT ANALYSIS Turnover Net profit/loss 2.87 +20

3.22

1987

improved since the mid-1980s, but is still down on the level of nine years ago. Horten last year raised its dividend by 50 per cent to DM

This followed a patchy distribution record earlier in the 1980s - including some years when shareholders were left empty-handed.

Apart from trying to smarten and upgrade its

stores, Horten has taken other remedial action in the past few

years, with a determined attack on its overheads.

It sold its large headquarters building last year for DM 100m and has gradually trimmed its workforce from about 27,000 10 years ago to fewer than 16,000 at the end of 1988. This has allowed turnover per employee to rise from DM 139,000 to DM

227,000.

Horten has also spent heavily on its two more exclusive stores under the Carsch-Haus name. In Düsseldorf, the investment was DM 50m and Horten says the store is close to breaking even after five years. The attractive store in Wiesbaden, converted from a

previous Horten site, cost DM 13m. No other Carsch-Haus stores are planned. Who might buy Horten, if BAT is taken over against its

Its German competitors would probably fall foul of tough German Cartel Office

British companies might be wary of taking such a large step into an unfamiliar market, knowing how hard it is to translate retail concepts across

Strong interest could come from Italy, according to Mr Mark Hawtin of BNP Securi-

With Batig, BAT's German holding company, owning 51 per cent of Horten and 25 per cent in the hands of an investment company owned by Deut-sche Bank and Commerzbank, private shareholders would not get much of a look-in if the

company was sold. A potential buyer would probably have to come up with more than the the current DM 1.4bn stock market value. "Anyone looking from the outside into Germany would be getting a ready-made chain with prime sites," notes Mr MacLachlan.

But the investment required to lift their sales and earnings performance would, as Horten's own investment pro-gramme shows, be consider-able.

Some of America's best-known stores, and some of its most anonymous

"THE BATUS stores are neither fish nor fowl," says one US department store analyst. "If they were very good or exceptionally bad, we would have heard. But we don't hear

much about them. This anonymity is somewhat surprising in that Batus, the US division of BAT, has been in retailing since 1973, and it owns some of the country's best-known stores, Saks Fifth Avenue and Marshall Field's.

It is also somewhat misleadingly flattering since the analyst goes on to say: "No one worrles about competition from Marshall Field's or Saks. Everyone wants to go to Chicago because they feel Marshall Field's is easy to knock off. Bloomingdale's opened a Chicago store this year and Nordstrom [a West Coast based chain] will follow in 1991," he

Batus bought Saks, which it describes as "the nation's pre-mier high fashion retailer," in 1973 and sealed its commit-ment to retailing in 1982, when it acquired Marshall Field's. With the latter Chicago-based chain came Ivey's, speciality department stores, and Breu-ners, furniture and home fur-nishings rental stores.

The company's US stores have proved a mixed bag in recent years. The surprising Andrew Fisher resistance of American women to buying new clothes has cut

into profits from Saks and Marshall Field's department stores, which rely heavily on fashion

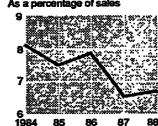
For the retailing division as a whole, operating income has been sliding for the past three years, from \$197m in 1986 to \$177m in 1988, although sales have improved modestly, from \$2.5bn to \$2.6bn in the same period.

BAT nevertheless appears to be determined to develop its US retailing operations despite the softness which has plagued the whole sector in the US. However, the going may be

tough.
This week, the Seaman Furniture Company, which was bought by Kohlberg Kravis Roberts, the Wall Street investment firm, for \$360m in a lever-aged buy-out in 1987, failed to pay its August interest bill, apparently because of cash flow problems.

And the publicly traded securities of such leading retailing groups as Federated Department Stores, which owns Macy's and Blooming-dale's, and Allied Stores, are

also deeply depressed.
Nevertheless, Batus clearly has image problems and responds forcefully to the criticism, for example, of its key Chicago operation. Mr Arthur Martinez, Batus' vice president with responsibility for retail, says Bloomingdale's opened in **Batus Retail** Operating income (\$m)



Chicago just as Batus completed a \$10m renovation of an important Marshall Field's store. "Sales have been running ahead of 10 per cent since then and we feel we have successfully blunted the impact of

Bloomingdale's," he said.
"We feel that Nordstrom has never met the competition it will encounter in Chicago. Chi-cago won't get any easier, but Marshall Field's has about 15

per cent of the department store market here, which is very high," Mr Martinez added. The company has been pour-ing money into acquisitions

It is spending \$300m on modernising and expanding its Saks stores, and another \$110m on a five-year renovation of the Marshall Field's flagship store

on Chicago's State Street.
The other two retailing outfits are largely seen as thorns in BAT's side. The company had expected Ivey's to post profits in 1988 and some analysts believe BAT may be los-

ing patience with the chain. This was denied by Mr Mar-tinez who said, "We are very confident about the future. Ivey's had posted gains in the latest second quarter and Mr Martinez attributed the decline in 1988 to an earlier decision to consolidate the company's Florida and Carolina divisions

which disrupted business.
According to Mr Martinez,
changes in distribution at Breuners, and the resulting disruption cut into last year's profits. "But the first half has seen improvement in sales and profits against last year and feel there will be a dramatic turnaround," he added. Mr Martinez said Batus has plans to open new Ivey's and Breu-

Karen Zagor

Life business boost for Eagle Star By Patrick Cockburn

Eagle Star, BAT Industries. increased market share in mortgage related business. The company said that it

had not been hit by the effect of the downturn in the housing market on its endowment mortgage business because it has traditionally offered cheap premiums which have proved particularly attractive to bor-rowers at a time of high inter-

In common with other insur-ance companies Eagle Star saw

insurance subsidiary, said yes terday that its new life busi-ness expanded in the first half of the year, with strong growth in personal pensions and

This is in contrast to life

companies such as Prudential Corporation which have seen a drop in new annual premiums from mortgage related busi-

a marked increase in personal pension business to employees contracting out of the State Earnings Related Pension Scheme. In the UK, new annual premiums were up 47

per cent to £23.9m. Sales of annuities rose sharply from £37.1m to £298.3m a total that included a single transaction amounting to

Tender Offer

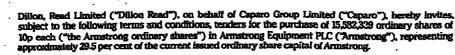
Dillon, Read Limited on behalf of

Caparo Group Limited

for the sale of 15,582,329 ordinary shares in

Armstrong Equipment PLC

at a minimum price of 185 pence per share ("The Tender Offer")



Tenders must be for all the Armstrong ordinary shares and each tender must be at the same price per share for all such shares and must be expressed in sterling as a whole number of pence per share. Stamp duty and/or stamp duty reserve tax will be payable by the purchaser.

The minimum tender price shall be 185 pence in cash for each Armstrong ordinary share. Caparo may, at its absolute discretion, accept alternative forms of consideration provided that the value of such consideration is, in the opinion of Dillon Read, greater than the value of the highest cash offer which has been received and, in any event, is not less than 185 pence per Armstrong ordinary share. Without prejudice to paragraphs 3 and 7 below Caparo shall not be bound to accept any offer which is not in cash or in respect of which a suitable confirmation of the availability of cash (if such a confirmation is requested by Dillon Read) is not provided.

Tenders should be in writing and must be received by 10:00 a.m. on 4th September 1989. Tenders should be addressed to Dillon, Read Limited, Devonshire House, Mayfair Place, London, WIX 5FH, for the attention of Mr. C.R.M. Kemball. Subject to paragraph 7 below the tender at the highest price made in accordance with these terms will be accepted at that price. If more than one valid tender is made at decordance want desire terms will be accepted at the price at that price. Caparo and Dillon Read shall have absolute discretion either to decide which of such tenders to accept or to invite those parties to increase the price at which they are tendering. The successful tenderer will be notified by 10:00 a.m. on 6th September 1989. An announcement will be made to The Stock Exchange as soon as practicable thereafter.

Where a tender is accepted, completion by bankers' draft, or such other consideration as has been agreed, in respect of the sale of the Armstrong ordinary shares shall be effected at the offices of Dillon Read referred to above no later than 200 p.m. on 8th September 1989. in the event that the successful rer is unable to satisfy the tender value on completion, Caparo reserves the right to rescind his tender.

Tenders once made will be irrevocable. Tenders which are made subject to any condition or other terms may, at Dillon Read's absolute discretion, be disqualified. By submitting a tender, a person tendering will offer to purchase at the price stated in such tender all the Armstrong ordinary shares on the terms of this Tender Offer, and any contract resulting from the acceptance of that tender will be governed by and construed in accordance with English law. The Armstrong ordinary shares will be sold as beneficial owner free from all liens, charges and encumbrances and with all rights attaching thereto, including the right to receive all dividends and other distributions declared, made or paid after 14th August 1989.

Caparo and Dillon Read reserve the right to reject any or all tenders. Caparo and Dillon Read also reserve the right to terminate the Tender Offer in the event that, at any time at or before 10:00 a.m. on 4th September 1989, a public announcement is made by a third party or by Armstrong of an intention to make an offer, or of discussions which may lead to an offer being made, to acquire the whole of the Issued ordinary share capital of Armstrong by way of an offer, partial offer or tender offer under the provisions of The City Code on Take-overs and Mergers or the Rules Governing Substantial Acquisitions of Shares or in the event of any announcement by Armstrong of any proposed material change in the

No person receiving this Tender Offer in any territory other than the United Kingdom may treat the same as constituting an invitation to him nor should be in any event tender, unless in the relevant territory such invitation could lawfully be made to him and such tender could lawfully be made without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to tender to satisfy himself as to observance of the laws of the relevant territory in connection therewith including obtaining any requisite governmental or other consents or observing any other formalities needing to be observed in such territory.

The Tender Offer is being made only to persons who fall within Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988, being persons referred to as sufficiently expert to understand the risks involved.

Caparo is not interested in any ordinary shares of Armstrong save for the Armstrong ordinary shares held by Caparo, which are the subject of the Tender Offer. In addition, 20,000 Armstrong ordinary shares are held by the Ambika Charitable Foundation, which is a party connected with Caparo.

This advertisement, which does not and is not intended to constitute an offer or invitation to acquire, otherwise than pursuant to the Tender Offer, or to subscribe for securities in Armstrong, has been issued by Dillon Read, which has applied to TSA for membership and is interim authorised and is financial adviser to Caparo in connection with the Tender Offer.

Dillon, Read Limited is incorporated in Maryland, U.S.A., with limited liability Caparo is registered in England, no. 1387694.

This announcement appears as a matter of record only.

STENA (UK) LTD

has acquired the whole of the issued share capital of HOULDER OFFSHORE LTD

from FURNESS WITHY INVESTMENTS LTD:

Acquisition Finance and Guarantee Facility Arranged by Barclays Bank PLC Corporate Division Shipping Unit

Provided by BARCLAYS BANK PLC



Lowndes shares suspended awaiting refinance talks

By Maggie Urry

LOWNDES QUEENSWAY, the furniture and carpet retailer, yesterday had its shares suspended awaiting the completion of discussions about raising further finance and rescheduling existing facili-

The group, which is chaired by Mr James Gulliver, is talking to its bankers and larger shareholders and an announcement is expected within the next few days.

The company is a victim of poor trading conditions caused by the effect of high interest rates on the housing market and consumers' spending on big-ticket goods. It said yesterday that it "remains confident in the strong profit potential of

the company". It was formed a year ago by the £450m lever-aged takeover of Harris Queen-

The shares had fallen 51/p to 22 1/2 p on Friday as rumours circulated in the stock market that the company needed extra

Yesterday Lowndes Queen-sway said "further finance is needed to fund the investment required for the continued implementation of its strategy and to provide further working capital following a period of

poor trading."

Lowndes Queensway is encouraged by the sales gains made by stores which have undergone a facelift, and plans to have 100 stores refurbished

by November. A further 100 Harris carpet stores will be renamed Carpetland by November. The group has over 600 stores in total.

The company also said that a move to direct distribution of furniture from manufacturers to customers had allowed it to reduce its warehouses from 69 to 16 by next January and eventually three. This was mainly behind cost savings which will be worth £20m a

Improved controls had been brought into stores, also saving money, and "key time" staffing had been introduced with the intention of having most staff in the shops at the peak cus-tomer traffic periods.

Bromsgrove acquires engineer

By Richard Tomkins, Midlands Correspondent

BROMSGROVE Industries, the Midlands-based mini-conglomerate headed by Mr Bijan Seg-dhi, has swiftly filled the gap left by last month's sale of its Triman plastics business by purchasing Forth Tool & Valve

Forth Tool, based in Glen-rothes, Fife, offers specialist engineering services to the aerospace, defence and offshore oil industries. It made pre-tax profits of £333,000 in the year to May 1989.

Bromsgrove said the acquisi-tion fitted well with the activities of its Richard Arnold sub-sidiary in Stroud, Gloucs. It would enhance its ability to operate a complete range of services to those three indus-

Some £2.25m of the purchase price is being paid now and the rest will depend on the next two years' profits. Bromsgrove is settling the initial outlay with the issue of 503,189 shares to the vendors and the placing of 1.04m shares at 144p.
Three weeks ago Bromsgrove sold its Triman injection

moulding business to the com-pany's management for \$2.45m in a move that reduced the group's exposure to the con-sumer durable market.

However, it retained the Trisport company making soles and studs for sports shoes, stating the subsidiary fitted with its policy of focusing on specialist operations in high added value markets.

Benlox £10m property disposal

By Paul Cheeseright, Property Correspondent

BENLOX HOLDINGS is using its association with Mr Paul Bloomfield, the well known property trader and holder of per cent of the company's equity, for the sale of some of its property

It announced yesterday that it is selling for £10m of six coupon of 10 per cent, its 50 per cent interest in TGP 123 to ICA Holding, a

quoted Dutch company with which Mr Bloomfield is associated. TGP 123 is a consortium

owning a portfolio of 11,000 rented apartments in France. It was formed with Tranwood Earl, the small London merchant bank. ICA previously had acquired half of Tranwood Earl's 50 per cent stake in TGP

Mr Simon Berrill, Benlox chairman, explained yesterday

that the company had not reached the point where it could hold assets for lengthy periods without generating cash from them.

ICA, in any case, was a more appropriate vehicle for carrying French residential assets Benlox's original investment in TGP 123 cost £2.5m so it makes a gross profit of

Benlox shares yesterday were up 1p at 58p.

GEI sells bright steel division for £1.2m

By Nick Gamett

GEI INTERNATIONAL has sold its small Midland Bright Drawn Steel division to United Engineering Steels, the UK's

second largest steel group.

Midland Bright Drawn Steel produces bright bars for the engineering and automotive industries and made sales last year of less than £10m. The purchase is costing UES about

GEL whose products include packaging machinery, said Midland Bright Drawn Steel was a niche supplier in an increasingly competitive mar-ket. It did not consider it fundamental to the group's long

term development. Midland Bright Drawn Steel will continue under its exist-ing name and will operate as a free standing company within Rotherham-based USS.

The purchase strengthens the position in bright bars of UES, which is a leading European supplier of engineering steels. Last December it acquired British Bright Bar, previously jointly owned by British Steel and GKN.

Bertrams loan note offer for Pentland closed

The partial loan note alternative available under the terms of the recommended offer by Bertrams Investment Trust for Pentland Industries

All elections to receive BIT loan notes in excess of the basic entitlement will be scaled down. Accordingly, about 891p nominal of loan notes will be issued for every £10 nominal for which elections in excess of the basic entitlement have been

By 3pm on August 11, acceptances had been received in respect of 259.78m Pentland

Waiting for Mr Fussell to move

Paul Cheeseright on the decisions affecting Priest Marians' future

Simon FUSSELL, ousted chairman of Priest Marians Holdings, still holds the key to the property company's future and is expected. later this week to decide how

to turn it. Advised by Smith New Court, the securities house, Mr Fussell will settle on one of four choices for the 24.8 per cent stake in the company he boilt up.

Uncertainty about what he will do has been brooding over the market price of Priest Marians shares, which moved up sharply a fortnight ago on the news of Mr Fussell's departure but have been quiet ever since around 490p. The nature of the choice will

dictate whether Mr Fussell accepts the invitation sent to him last Friday by Mr Daniel Auerbach, the new chairman, for talks about the disposal of

Broadly, the choices open to Mr Fussell are:

To hold on to the stake as a passive investor — an unlikely hypothesis given his freewheel-

ing approach to corporate life; • To use the stake as a plat-form for his own bid - again an unlikely but not outrageous hypothesis, but it would mean he would have to steel himself

stake is placed in hands acceptable to the new board - this is the course favoured by the new board but would not necessarily suit Mr Fussell's pocket; To sell the stake to a com-

ber 30 last year. If, therefore, Mr Fussell

bides his time a little and sells

for a bitter row;

To accept the Auerbach invitation and ensure that the pany or an individual willing to make a bid.

It is the timing which makes a choice difficult. If the shares are placed among the institutions then it is a fair bet they would have to be placed at a discount to the market price. But at the end of the Priest Marians financial year on Sep-tember 30, the company, like others in the sector, should. show a respectable increase in net asset value per share to around 600p, fully diluted. This compares with 483p on Septamhis shares to a potential predaior, he could expect a premium over the market price. He could expect something less than, but not too far distant from the net asset value. Recent takeovers in the property sector have been at a

slight premium to the net asset value of the target company and if Mr Fussell decides to and if Mr russell decides to sell then naturally he would rather have 580p than 480p.
All of this presupposes willing buyers for the Fussell stake. There seems to be no

shortage.
In fact potential buyers seem
to be making tours through
Smith New Court in the City and round to the Mayfair offices of Priest Marians. But concern about what hap-pens to the Fussell share stake has been only one of two prece-

cupations of the management.

The other has been what Mr
Auerbach called "oustanding technical matters." This has not only been a matter of winning City and institutional sup-

prosaic matter of sorting out the fashion in which debt obligations in connection with the sillm acquisition of Local Lon-

don Group would be met.
Priest Marians's other debts are covered by the rental income of the Langham Estate. Priest Marians this month had to repay the first £20m of a syndicated loan and will have to make similar six-monthly repayments until 1992. These payments are being met from the sales of Local London's

portfolio.
The technical difficulty was that the funds for repayment were, as the company put it, in the Local London till rather than the Priest Marians till.
Over the last two weeks the legal problems associated with this have been sorted out, the loan repayment made and plans set for early settlement

of the whole syndicated loan. or the whole symmetred loan.

These details had never
much interested Mr Fussell
and points up the difference in
style that led to the boardroom

Investment in new plant helps Howard to £2.73m

HOWARD HOLDINGS, the property development and plant hire group, reported taxable profits of £2.73m for the 12 months to end-April 1989 – a 17 per cent improvement on the previous year's

£2.34m.
Mr John Howard, chairman, said that the developments division, although restricted by the current malaise affecting the housing sector, made a "substantial contribution" to

The plant hire side, in contrast, benefited from investment in new plant to meet the heavy demands of the construction industry.

The operation lifted its

turnover and profit by 33 per cent and 41 per cent respectively, Mr Howard

Further depot expansion is being sought in the south of

England.
Group turnover rose to

citolam (£7.72m) and earnings per 10p share expanded 1p to 7p.

The directors are re-commending a final dividend of 0.9p, which makes a total for the year of 1.5n (3p) for the year of 1.5p (1.3p).

F & C Enterprise

& C Enterprise Trust, a broadly based investment trust, achieved an increased net asset value, up from 38.1p to 42.1p, at the end of June

Total revenue for the first half was up from £312,000 to £663,000.

AVESCO intends to exercise its

right compulsorily to convert

the remaining L5m convertible

preference in issue into ordi-nary shares. This will result in

the issue of up to 1.25m new

BEAZER, through its US subsidiary, has acquired Tarmac Virginia's pre-stressed concrete

product plant at Great Bridge,

amount. CI GROUP has paid £240,000 cash and £160,000 loan stock to

buy Shaw and McInnes, maker

of general castings.
COLORGRAPHIC has acquired

London Direct Mail for £120,000 in 26,500 shares and cash. LDM

operates primarily in the response analysis market; prof-

After interest payments of £467,000 (£175,000) there was a loss of £62,000, against £157,000, equal to 0.06p (0.14p) per share.

B&C lifts stake in Midland & Scottish

Holdings, the financial services group, has strengthened its links with Midland & Scottish Resources (MSR) — formerly Jebsens Drilling — by increas-ing its stake in the company from about 6 per cent to 9.01

B&C bought the holding belonging to Mr Atle Jebsen, former chairman of the USM-quoted oil services com-pany. MSR has undergone sub-stantial restructuring at the hands of Midland & Scottish Group, an oilfield development and investment company which owns 60 per cent of its capital.
The financial services group

first acquired a stake in MSR in June, when it underwrote part of the £17.5m rights issue. B&C also has an option to buy a further 10 per cent of the

COMPANY NEWS IN BRIEF

BRITISH & Commonwealth group from MSG. Mr John Gunn, B&C chair-man, sits on the board of MSR. and Mr Jon Hawksley, former head of corporate finance at British & Commonwealth Merchant Bank, is MSR's managing director.

Fleming Claverhouse

A 19 per cent improvement, from 804.8p to 334.6p, in net asset value was reported by Fleming Claverhouse Investment Trust for the half year to June: 30. Tax took £238,000 (£250,000) leaving net earnings per share of 3.72p (3.67p). The interim dividend goes up from 1.7p to 2.5p and a final of not less than 5p is forecast; last year's total was 7.25p.

STANCO EXHIBITION: Open

offer of 19.33m new ordinary

N.V. Philips' Gloeilampenfabrieken

Half-Yearly Statement to 30th June 1989

Report on the course of busines of the Philips group
in he first sht months of 1989 sales expressed in guildons increased by 3% compared with the corresponding period of 1988. Excluding the effect of the deconsolidation of the major domestic appliances business, the nominal seles increase was 11%. Net income in the first half of 1989 were up by 39% to 1 458 million (1 338 million in the first half of 1989).

Of the normal soles growth of 11%, 4% was stiffbullable to exchange rate movements; seles thus rose by 7% on a comparable busis. All the product sectors contributed to this increase, in the Consumer Products sector the increase was above the average for the Philips group, in the United States of America in perticular there was appreciate sales growth in this sector, was colour television receivers, monitors and compact disc products selling perticularly well. Growth in the components sector was below the average for the Philips group, in the sector there was an considerable tall in prices, especially for integrated circuas. The sales increases in the Lighting sector was satisfactory. The Protessional Products and Systems sector was atfected by the downturn in sales of defence systems. As a result, growth in this sector remained below the average for the Philips group, in spite of the significant increases archieved in the fields of information and communication systems, industrial products and medical systems.

Income from operations in the first half of 1989 amounted to 11,124 million (less year 11,359 million). Last year's figure included the income from the major domestic appliances business which has since been deconspictated. The effect of this deconsolidation was other, howove, by lower penalon costs resulting from a more uniform method of calculation based on, among other things, generally accepted accounting principles in the United States. The decline is income from operations occurred in the Professional Products and Systems and Components sectors. In the Professional Products and Systems are comp

			Augu	et 10.196
		nd quarter		an. 10 Ju
lenewats in millions of guildors	1989	1988	1989	19
NET SALES AND ENCOME				
1pt 52000	13,552	3,039	25,755	25,4
% increase on previous year	-4	_6	3	
ocome from operations as a % of not sates	513 3.6	680 5.2	1,124 43	1,35
as a to the saces as a "v of goerning capital	4.1	5.6	4.5	5
as a · • or operating capital nearns before taxes	276	230	4.3 584	5 5
as a % of not sales	28	1.7	2.2	2
acome after larges	155	143	351	3
as a ** of red sales	1.2	1.1	1.3	1.
kei knoomo from normaal basiness operations	197	121	429	33
per commen share, par value f 10 (in guilders)	D.78	0.47	1.52	1.3
let bround	235	121	458	33
as a %- of stockholders' equity	5.4	3.0	5.4	4
per common stram, par value (10 (in guilders)	8.97	0.47	1.77	1.2
do, per common share, par value f 10, based on historical cost (GAAP) (in guilder)	8.58	0.48	1,32	1.3
	June 38, 1989	Decembe	r31, 1988	June 3
ULARCE SHEET				
bood assets	23,689	25	.000	23.22
THE STORES	14,484	12	.619	14.03
Accounts receivable	15,997	15	732	14.80
Antoptable securities and liquid assets	1,515	1	,429	1,53
httpl assets	55,705	52	,849	53,60
Hackholders' equity	17,401	16	540	16.30
Other group capital	2,258	2	253	2,31
aroup equity	19,899	18	.753.	18.62
ong-term provisions and Exhibites	14,256	14	775	14.75
bort-term provisions and current flabilities	21,750	19	265	20,22
iptal provisions sant lishtities	36,006	34	,056	34,98
bial capital employed	55,765	52	,649	53,60
nventuries (as 3 % of net sales in the last 12 months)	26.2		24.7	28
kerage collection period of trade accounts receivable (in moralis)	2.1		1.9	2
intal provisions and liabilities as a % of capital employed	84.8	•	64.4	65.
			300	331,50
24FLOYEES imployees (comparable figure on January 1, 1969; 303,800)	306,400		ann.	67,90
MPLOYES	84,300		, DUI	
24FLOYEES imployees (comparable figure on January 1, 1969; 303,800)	64,300 N.V	ES, Philips' Gio OUP MANA	elemperia)	
24FLOYEES imployees (comparable figure on January 1, 1969; 303,800)	64,300 N.V	Philips' Gio OUP MANA	elemperial ENEXT CO	Marity

Royal Sovereign sees advance to £912,000

ROYAL Sovereign Group, a supplier of products to the graphics and stationery markets, increased pre-tax profits by 16 per cent from £788,000 to £912,000 in the six months to

earnings were up to 10.4p (9p) per share. The interim divi- expectations.

transparencies activity Turnover at this Third Mar- Imperial Graphic Products ket-traded group rose 43 per cent to £7.91m (£5.53m) and — Papergraphics' initial trad-- Papergraphics' initial trading results were well up to

MAI purchases broker

By Andrew Hill

vices group, has bought Rain-bow Countrywide Insurance Brokers from Hambro Countrywide, the estate agency and financial services company.

MAI said the purchase price
was not material, but claimed the acquisition of nine outlets

in the Midlands and home

counties would make its Keyw-

MAI, the diversified est subsidiary the UK's second advertising and financial ser-

after Swinton. In January, MAI bought Christopher James Holdings, a motor insurance broker with 66 branches, for £11m. Keywest, which now has a

chain of 200 branch offices, also sells life insurance prod-ucts on behalf of Hambro

its were £22,000 for the year ended March 31 1989. **EARLY'S of WITNEY** is to sell 8.65 acres of freehold land in Witney to Tarmac Provincial Properties for £4.5m cash. Net

profit after tax should be some £3.22m and will repay over-drafts of £1.52m. LOPEX is to set up a company in the Far East to take advan-tage of the growth in the advertising market. Lopex

Communications (PTE) will

Alliance: Lopex will pay £250,000 for 60 per cent of LCP. PAVILION LEISURE has sold the National Bus Company garage in St Peter Street, St

assembly and manufacturing plant in Cullman, Alabama, jointly financed with the Cullity and County in trial Development Boards. Pressac sales in the US are \$15m per annum. They should increase to \$25m after one year

and to \$40m after two.
PRINTECH INTERNATIONAL: With regard to the recent rights issue acceptances were received in respect of 4,821,424 shares representing 98.5 per cent of the total offered.

SAFELAND, the USM property trading and refurbishment group has sold a portfolio of retail properties to Rinkfield Properties for £4.9m.
SPHERE INVESTMENT Trust: Earnings for half year ended June 30 were 1.33p (0.78p) and interim dividend 0.875p (same). Total revenue £2.85m (£2.72m) and profit £2.39m (£1.89m after

£798,000 compensation). Net asset value at end of period

ther 600,000 ordinary and bene-

93.3p (75.2p) per share.

shanes at 35.5p was taken up as to 8.53m (44.15 per cent). The balance has been allotted pro rata to provisional placees. UNILEVER has acquired R&B Food; a Belgian maker of chilled pizzas and pasta-based meals sold under the Pronto brand name, for an undisachieved sales of BFr 1.05bn (£16.3m). WARRINGTONS has increased

its shareholding in Growth Development Corporation, a US property investment and development company (quoted development company (quoted on NASDAQ as GDCX), to 57.4 per cent of the capital. The increase was effected through the acquisition of Overland Associates whose sole asset was a holding of 5.36m ordinary shares in Growth, repre-senting 43 per cent of the capi-tal. Consideration for the acquisition of Overland was £2.89m satisfied by the issue of 2.5m new Warrington ordinary

at 115.7p each.
WATERGLADE International has purchased the Palmers Road Industrial Estate at Emsworth, Hampshire, for £1.21m cash

acquire 85 per cent of Tropical/

Changes in company share stakes recently announced include:-Anglo-Eastern Plantations: Merchant Navy Officers Pen-sion Fund acquired 274,996

shares to bring holding up to 1.65m (7.51 per cent). BHH Group: Douglas Trustees bought 400,000 shares and holds 3.04m (8.41 per cent). Chestergate Group: BE Fearn and M Fearn no longer interested in ordinary shares. Previous holding of 693,650 shares placed with institutional inves-

tors. Cowie (T): T Cowie disposed of 250,000 ordinary at 130p. Holds 9.42m (7.4 per cent).

Cray Electronics: Scottish Amicable Investment Manag-ers have control over 5.13m ordinary (5.85 per cent). Doctus: as result of rights issue directors have following hold-ings. BD Blake 2.22m shares (4.85 per cent), EJ Byrne 1.71m (3.72 per cent), A Birchall 248,639 (0.54 per cent), R Fearn-ley 110,000 (0.24 per cent), P Bain 625,000 (1.36 per cent), D Wallace 6.07m (13.22 per cent). Douglas (Robert M): Govett Strategic Investment Trust owns 3.05m shares (20.08 per

Equity Consort: NM Rothschild holds 195,000 ordinary (9.01 per cent) and 443,000 deferred (20.47 per cent), giving rotal interest of 14.74 per cent.
Feedex: DW Frame, director,
has increased holding to 7.6m
shares (11.63 per cent).
Fitch Lovell: following the pur-

chase of 1.14m shares, funds managed or advised by M&G Management hold 16.66m (16.72 per cent). Five Oaks Investment: John

Foster (John): General Investments Hong Kong acquired 376,653 bringing holding to 2.39m shares (21.4 per cent). Freeman: JG Potter and GW Bingley, directors, have sold 46,000 and 24,000 shares respectively at 270p. Mr Potter now interested in 1.29m (22.7 per cent) and Mr Bingley in 49,000

(0.9 per cent). Halls Homes and Gardens: Scottish Amicable Investment Managers acquired 220,000 shares and holds 1.2m (11.4 per

Hidong Estate: TW Charlton

sold 90,000 shares and cut holding to 75,815 (4.4 per cent). Hoskins Brewery: The Hoar family acquired further 56,000 shares taking interests to 1.68m (29.15 per cent). Jarvis Porter: Clerical Medical managed funds acquired 166,400 ordinary at 120p. Hold-ing 950,000 (5.7 per cent), Learmouth Buchett: RA Lear-

mouth, director, has sold 300,000 at 140p, and now holds 3.6m (26.64 per cent). Lowe (Robert H): Scottish Amicable Investment Managers have acquired 153,110 shares for a 609,733 (6.8 per cent) total holding. Planning Resources: John Mar-

tin, director, sold 100,000 shares at 150p, reducing holding to 1.94m (4.4 per cant).

PML Group: Transamerican Express Financial Services has acquired a further 2.65m shares taking holding to 8.67m (19.7 per cent).

Reed Executive: La Societe Anonyme Ecco Travail Temporaire interested in 3.6m shares. Reflex Investment: Aidan Farrell and Martin Fullam, direc-Govett holds 11.34m shares tors, each sold 235,000 shares at (24.07 per cent) on behalf of 255p. Total holding of each now SHARE STAKES

(5.875 per cent). Seacon Holdings: Paul Preisig now controls 327,500 shares (5.1

Seaforth Maritime: James Finlay sold entire stake to Taylor Sommerville (William): NCB Trust acquired 7,000 ordinary and holds 158,300 (24.73 per

2.11m shares (16.38 per cent). Scottish and Mercantile. Investment: Fidelity Special ficially owns 4.82m (8.66 per Situations owns 470,000 shares Sphere Investment: Hornby Trading and Frill Trading have purchased 7.4m ordinary

> Sterling Industries: Caledonia Investments increased interest to 5.89m shares (21.04 per cent). Summer International Drayton Consolidated Trust disposed of entire 800,000 ordinary (8.9 per

shares (6.2 per cent).

Telecomputing: Phillips and Drew fund management has an Sovereign Oil and Gas: Norwich Union Life acquired furinterest in 5.25 per cent of the

ordinary.

Waterside International: Michael Miskin, non-executive director, sold 4m shares at 102.5p. They were placed with number of institutions.

York Trust: David Kennedy, director, bought 150,000 ordinary to raise holding to 5.22m shares (5.87 per cent).

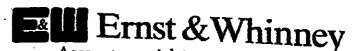
YRM: David Holland sold YRM: David Holland sold 300,000 ordinary at 138p, reducing holding to 1m (7.619 per cent). F Goodhead disposed of 150,000 at same price and holds 1.15m (8.7612 per cent). D Allford sold 300,000 at 138p and this statement of the sold 300,000 at 138p and the same than 1 m (8.52 per cent). interested in 1m (7.62 per cent).

This announcement appears as a matter of record only

THE RANK ORGANISATION PLC **ACQUISITION OF**

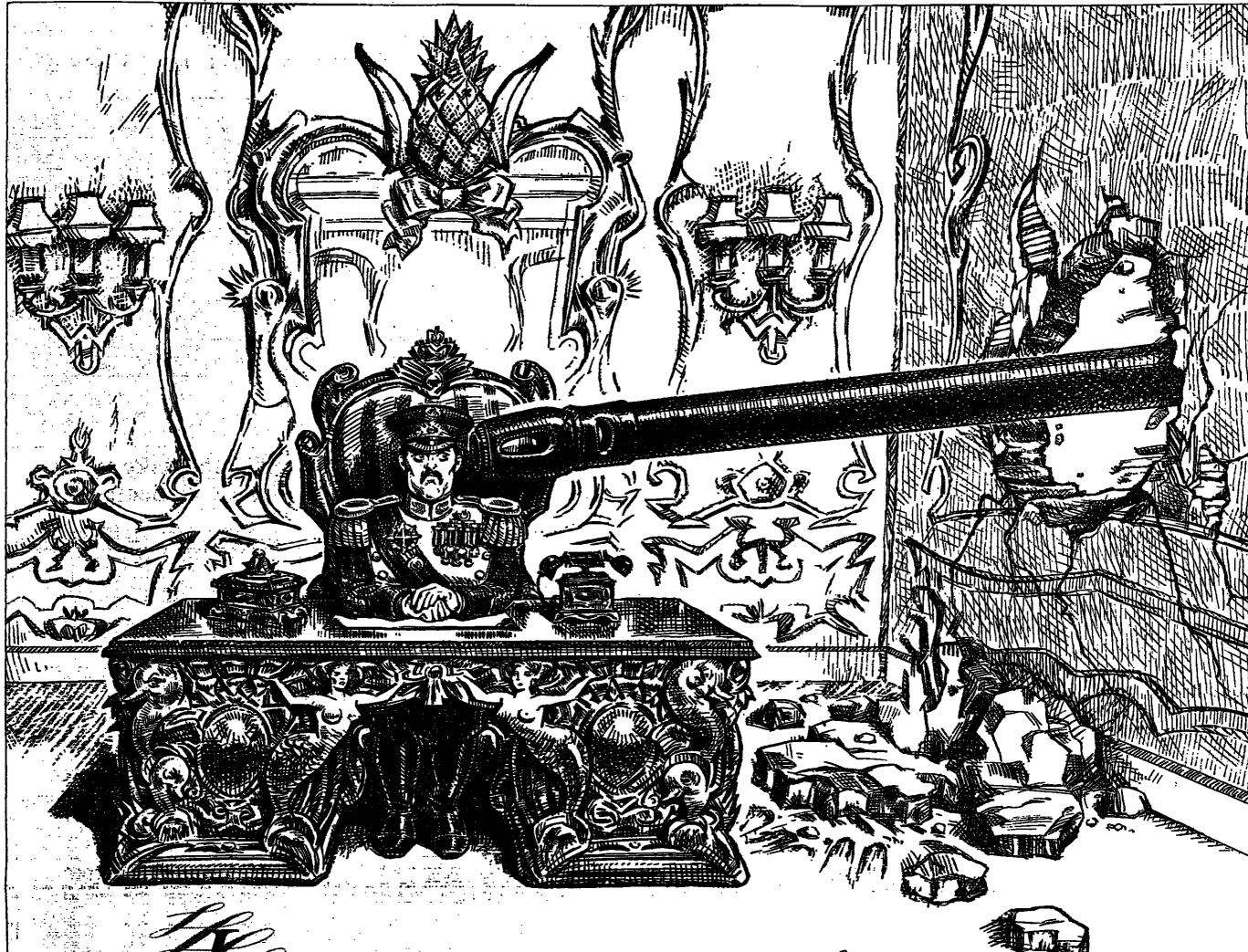
LITTLE DUDLEY HOUSE LIMITED which operates the chain of restaurants known as

PIZZA PIAZZA Ernst & Whinney acted as financial advisers to the vendors and assisted in negotiations.



Accountants, Advisers, Consultants Becket House, 1 Lamberh Palace Road, London SE1 7EU. Tel: 01-928 2000.

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COMMODITIES AND AGRICULTURE

Copper prices up sharply as recession fears ease

By Kenneth Gooding, Mining Correspondent

COPPER PRICES rose sharply on the London Metal Exchange yesterday. Traders said there was some nervousness about the possible repercussions of the national miners' strike in Peru but the main influences on the price were the clear signs that the US economy was in for a "soft landing" rather

in contrast, the price of tin went into "free fall," according to some traders. It fell to the lowest level since trading started again on the LME at the begining of June.

According to Mr Euan Worthington, head of the mining team at S.G. Warburg: "Of all the base metals, the outlook for copper over the next few months is probably the most encouraging and offers the best opportunities for price gains." Tin, said Mr Worthington, might fall back to \$7,500 a

OOT Gapono	
Like WAREHOU (Change during tonnes	ISE STOCKS week ended last Friday
Aluminium	-8,675 to 118,350
Copper	-975 to 78,175
Load	+ 2,725 to 28,375
Nickel	-372 to 2,100
Zinc	+6.750 to 34,800
Tin	+65 to 2,320

tonne (the price ruling on the free market in January) before any significant buying could be expected. After yesterday's drop of \$160 a tonne, the price of tin for immediate delivery was \$8,715.

However, given the low stocks, expected moderate improvements in consumption and the amount of production capacity still closed down, Mr Worthington expected fourthquarter tin prices to test the three-year peak of \$11,000 a tonne reached for spot metal on the free market last April.

week, the LME's "flagship" Grade A copper contract advanced by a further £67.50 a tonne to £1,726.50 for metal for immediate delivery. Not only is there the pros-

pect of disruption in Peru, which supplies more than 5 per cent of the non-communist world's copper, but the market is also feeling the pinch from a shut-down of the Bougainville mine in Papua New Guinea because of attacks by disaffected local landowners and a strike at Highland Valley mine in Canada

Zinc and lead prices eased back on the LME yesterday, taking a rest from recent gains. Peru is a big producer of these metals and the initial indications that the call for a national miners' strike there was getting only a patchy response played a part in the falls.

Canberra angry over Saudi rejection of sheep exports

SAUDI ARABIA'S third rejection in two weeks of a live sheep cargo from Australia has prompted anger and concern in Canberra, not least because of the potential threat to a trade worth A\$250m a year. In the latest incident last

Thursday, a cargo of 34,000 sheep was rejected from the Saudi Arabian port of Dam-mam because of a suspicion that sheep pox disease might

The earlier cases occurred at the end of last month when two ships carrying 192,000 sheep were turned away from Saudi Arabian ports over suspected bluetongue disease.

All three cargoes have since been cleared for sale by author-

According to Canberra offi-cials, each involved the same importing group in Saudi Arabia - the Saudi Trading and Livestock Company.

Although the incidents remain unexplained, Canberra is privately pointing to inter-nal royal politics and the absence abroad of the Trade and Commerce Minister. Australia's efforts to deal with the Agriculture and Water Minister have been unsuccessful.

Officials say they are dis-turbed by the threat to a lucrative trade. But their anger is fuelled by the fact that, in the latest incident, the Government's veterinarian in the Riyadh embassy was refused access to the vessel to examine

Half of the 34,000 sheep have now been discharged in the United Arab Emirates with a clean bill of health, while the other half are expected to be unloaded in Qatar. The two carlier cargoes were dis-charged in Gulf countries after winning veterinary clearance. Canberra clearly dislikes the

aspersions cast on its tough quarantine laws. The Ministry of Primary Industries savs there has never been a recorded case of sheep pox in Australia, and that the ship eded direct to Dammam

from Fremantle. Mr John Kerin, Minister for Primary Industries, complained yesterday that none of the Saudi claims had been supported by clinical evidence.

Menem cuts export duties for farmers

By Gary Mead in Buenos Aires

PRESIDENT Carlos Menem as announced that Argentine farmers are to enjoy lowered export duties, down from 30 per cent and above to between 18 and 28 per cent. Import duties for agricultural fertilisers are also to be cut, to between 5 and 10 per cent.

President Menem made the the inauguration of the country's 103rd Rural Show. He said. "the future is in the countryside," and called on farmers to sow a 20 per cent greater acreage in the coming season order to help Argentina out of

its economic crisis. Export duties are to be cut to

18 per cent for maize, sunflowers, peanuts, beans and cotton; to 21 per cent for soya and soya derivatives; 25 per cent for sor-ghum; and 28 per cent for rice. Government officials suggest that the fiscal effect of reducing the export duties will be cancelled out it brodu respond by increasing plantings by 20 per cent.

Export taxes have long been a serious grievance of Argentine farmers. Successive governments have used them as a state-owned industry. Ex-president Raul Alfonsin was booed at the 1988 Rural Show for his government's poor handling of the economy.

In contrast, President Menem was loudy applauded for his speech, although the reductions in duties were somewhat less than had been demanded by farmers from the

President Menem, after just over a month in office, is still enjoying a honeymoon period. But he is likely to face growing pressure from farmers to reduce their export duties even more by the time 1990's Rural Show comes round.

Pesky insects eat into US crop yields

By Chris Scanlan in Washington

LIKE BUZZSAWS through humber, swarms of grasshop-pers are leaving the crops of three mid-western states in

dest.

Accordingly, Western Minnesota and the Eastern Dakotas will not reap a prolific harvest as these "pesky" insects bite into yields already reduced by last year's drought. Since early July, the grasshopper population has reached dangerously high levels in these areas. But according to these areas. But according to the US Department of Agriculture, Minnesota has been the hardest hit. Almost 700 towns in 40 counties have been under Grasshopper Control Programs, says Mr Dwight Robinson, director of Pest Control Services in the Minnesota Department of

Agriculture. Minnesota state extension Minnesota state extension entomologists have discovered areas containing from 500 to 700 grasshoppers per sq yd. (Acceptable levels range from 35 to 40 per sq yd.) At that stage of infestation, an average crop can be levelled in 48 hours.

The situation has forced Minnesota officials to seek federal aid to combat the scourge. eral aid to combat the scourge.

Mr Robinson said the \$75,000
allotted by the state to span
two years will be spent well
before the end of this year.

In all three states chemical
pesticides (crop spraying) have
been the predominant method
of defence. But because of the

of defence. But because of the toxic substances contained in these control methods, chemical pesticides have met severe opposition.

There are other methods to

combat the problem, according to Mrs Margaret Webb of the Animal and Plant Health Inspection Service section of the US Department of Agricul-ture. "Although avoiding sprays reduces danger to plant and wildlife, the alternatives are not nearly as effective in killing grasshoppers," Mrs Webb said.
Actual losses incurred by

the farmers to date are hard to pinpoint, but would have been a lot worse without spraying, Mr Robinson said. He esti-mated a 50 per cent loss to the potato crop in Red River Val-

Last week's USDA crop report estimated this year's wheat yields in Minnesota at 37 bushels per acre, down from 43.6 bushels in 1987. Estimated maise yields dropped from 122 bushels per acre in 1987 to 115 in 1989.

What is known for certain is that Minnesota is in the midst of what officials are deeming one the worst grasshopper infestations since the mid-

Building a future on mineral sand

Kenneth Gooding reports on efforts by the industry to meet demand

FLURRY of announce-Price trends ments about new min-eral sands ventures has not only focused attention on these materials – the major ones being rutile, ilmenite and Australian Dollars per tonne zircon — but also has inevita-bly raised questions about the possibility of a future glut. In the past month: Renison Gold Fields Consol idated of Australia, the world's biggest mineral sands pro-ducer, said it would go ahead with its so-called Eneabba West project early in 1991 at a cost of A\$115m. © Anglo American Corpora-tion of South Africa said it was studying the feasibility of developing mineral sands deposits near the west Cape coast in Namaqualand. The

> ries it is used in the bricks for steel furnaces and in extrusion

dies. Monazite is also contained in very small quantities in mineral sands. It is the richest source of rare earth elements which are used in magnets, electronics and high technol-

mineral sands project in Mozambique contained proven Ultimate control of the world ore reserves worth about mineral sands industry is in £267m at current prices and would give a mine life of more the hands of a relatively few companies, primarily large diversified mining houses than nine years. A complet feasibility report on the project is due late next month. including the RTZ Corporation (since it acquired British Petro-leum's mining and minerals assets); General Union Mining So what is all this activity To start with, it is about Corporation (Gencor) of South Africa and Consolidated Gold producing more rutile and ilmenite which contain titanium dioxide, the key ingredi-

Fields, now owned by the Hanent in the production of pig-ments and titanium metal. The son group.

Production of all mineral sands has been running hard to keep up with demand in recent years. For example, use of titanium dioxide in pigments has grown steadily to replace competitors such as clays and kaolins because it provides white finishes in according to the Mining Journal's annual review, worldwide production of zircon sand last paint, paper, plastics and ceramics, of superior quality and at less cost than obtainyear is estimated to have been about 860,000 tonnes, up 9 per cent from 1987. But, because of the jump in demand, especially About 96 per cent of tita-nium ore production is used from the steel industry, it has also been estimated that the for pigment and the rest is

> another 50,000 tonnes if the material had been available. The shortages have been apparent for some time and this started an industry-wide expansion. The most signifi-cant will be in Australia. already the biggest producer of

market could have used

mineral sands. Apart from Renison's previ-ously-mentioned expansion, there is a joint-venture prices surged to record levels and, although the rate of advance is expected to slow from 1989 onwards, prices are not likely to peak until at least

Ms Archer believes the antic-ipated slowdown in world eco-nomic growth will have a delayed impact on mineral sand markets. "Consumers are operating at capacity in a market where there is a significant supply deficit. Grades of some major existing deposits are falling and there is little prospect ing and there is little prospect of any major new supplies of titanium minerals and zircon coming on until at least 1990-91. Only in 1992 should marginal surpluses of all min-eral sands begin to emerge." The perception that mineral sand prices are highly cyclical is wrong, according to Ms Archer. Although during the deen world economic recession

deep world economic recession in 1982-83 prices for titanium minerals fell by between 7 per cent and 15 per cent the upward trend apparent since 1965 was still apparent. "Compared with the malaise of the base metals industry during this period, ilmenite and rutile suffered relatively little pain."

Ms Archer says confidently:
"In 1990 and beyond we expect the upward trend in prices to continue — but at a slower

As for zircon, according to Ms Archer, the current deficit of supply compared with demand (about 100,000 tonnes at the end of last year) suggests prices should be higher.

"Our research indicates that they are being restrained to prevent substitution," she Prices for individual minerals undoubtably will be influenced by substitution, for example synthetic rutile repla-cing secondary ilmenite or chromite replacing zircon in

However, titanium dioxide is irreplaceable in pigment pro-duction and, in the case of zircon, much of the substitution by foundries has already taken place. Growth for zircon has come from the ceramics industry and this will continue to ensure that consumption of this material outpaces world economic growth for many

years to come.

Ms Archer says: "Substitution of the majority of mineral erals is not a major threat."

Bush agrees \$897m bad weather relief package

By Nancy Dunne in Washington

split evenly between titanium metal sponge, used in the aero-space industry, and welding

Zircon is contained in the

same heavy mineral concen-

trate as titanium and is used mainly in refractories (high

temperature furnaces), ceramic

glazes and steel foundries. It is

a key ingredient in the con-

struction of moulds for casting steel in foundries. In refracto-

feasibility study is due to be completed in mid-1990 and

annual production targets from

1992 are 100,000 tonnes of zir-con, 25,000 tonnes of rutile and

1,000 tonnes of monazite.

• Kenmare Resources of the

Irish Republic announced that

independent consultants had reported that its joint-venture

yesterday signed legislation providing \$897m in disaster relief for US farmers suffering their second year of bad

able otherwise.

electrodes.

weather. The President. who persuaded Congress to true the relief measure from an earlier

US MARKETS

IN THE METALS, gold and silver

trading was sluggish as prices gained slightly against the weaker US dollar,

Copper gained 300 basis September as

reports Drexel Burnham Lambert.

a technical rally lifted the market. Platinum closed slightly better after

sideways action. In the softs, sugar

Friday's advance. Trade and arbitrage

closed nearly unchanged after choppy tracing. The livestocks were mixed

with pork belly and hogs prices higher

due to scattered short-covering. The

grains were all lower due mostly to ekend rains in the Mid-Western US.

Cotton tutures also fell as heavy

speculative action weighed on the

futures had the most active se-

speculative liquidation reversed

WORLD COMMODITIES PRICES

Sep Nov

Sep Dec Sep

Sep

the package would help farmers hardest hit by extreme weather conditions which hit

The legislation, covering 32 crops, will provide up to \$100,000 to individual farmers who lose substantial amounts drought and flooding.

Most of the payments will go to the Great Plains and Western Corn Belt where the after effects of last year's catastrophic drought still

It will also help rice and

between Minproc and Kerr-

between Minproc and Kerr-McGee at Cooljarloo in Western Australia scheduled to
begin in 1992, while CRA's
WIM 150 deposit is due on
stream in 1983. Present plans
call for WIM 150 to produce
100,000 tonnes a year of rutile
and more than 250,000 tonnes
of fimenite but there are propossis to double canacity and.

of ilmenite but there are pro-posals to double capacity and, if they are approved, CRA would overtake Renison to become the largest producer of mineral sands in the world. While at first sight all this extra production might appear approved for the industry's

ominous for the industry's future prospects and its prices, most observers dismiss such

suggestions out of hand.
For example, in preparation for its Mozambique project,

Kenmare Resources put together a detailed report on the worldwide mineral sands industry and its prospects. This concluded that there had been an annual shortfall of

about 100,000 tonnes of zircon and that demand was likely to outpace supply until 1994. It suggested that both rutile

and ilmenite were also in short supply but a balance was likely to be reached in 1990.

with Ord Minnett's mining team who recently produced a report on the mineral sands

business, is equally anthusias-tic about its prospects.

"The world mineral sands markets have been happily

bubbling along since 1965 with only minor disruptions to a constant uptrend in price," she says. "After a pause for breath in 1983, annual growth in

Ms Fiona Archer, an analyst

hurt by flooding and livestock producers affected by water and feed shortages Congress paid billions of dollars in drought relief last year and hoped that relief in future would be provided by crop insurance.

LONDON MARKETS

slipping to Iresh 8-year lows in the

COFFEE PRICES rallied yesterday after

morning. The November futures price on the London Futures and Options Exchange (Fox) touched £728 a tonne at one point before profit-taking purchases by speculators who had sold short earlier lifted the price to £752 a tonne, up £11 from last Friday's close. Dealers said a firmer tone in New York also provided encouragement for the rise. They doubted, however, that prices w stabilise until roaster demand rose to match the aggresssive producer selling, notably by Brazil, which has been weighing down the market since the suspension in June of the International Coffee Organisation's export quota system. Cocoa futures drifted a little lower in thin trading, while sugar futures surrendered some of Friday's strong gains.

SPOT MARKETS		
Crude all (per barrel FOB)		+ or -
Dubai Bront Blond W.T.I. (1 pm 651)	\$14.85-5.002 \$16.95-7 052 \$18.45-8.502	
Of products (NWE prompt dolivery per to	onne CIF)	+ or -
Promium Gasoline Gas Cil Heavy Fuel Oll Naphtha Petroloum Argus Estimates	\$199-201 \$150-152 \$85-87 \$150-152	+1 -4 +1 -2
Other		+ or -
Gold (per troy oz) Silver (per troy oz) Piglinum (per troy oz) Palladium (per troy oz)	\$364.25 521c \$480.75 \$134.10	+2.75 +10 +1.90 -0.05
Aluminium (froe market) Copper (US Producer) Lead (US Producer) Nickel (froe market) The (Kuals Lumpur market) Tin (New York) Zinc (US Prime Western)	\$1780 116 ⁵ g-118 39.5c 805c 23 64r 414 5 82 ¹ gc	+5 +0.06
Calife (live weight)† Shoop (doad weight)† Pigs (live weight)†	116.61p 146.21p 91.79p	-0.53° -6 66° + 3.59°
London dally sugar (raw) London daily sugar (white) Tate and Lyle export price		+9,4 +6 +8.5
Barley (English feed) Maize (US No. 3 yollow) Whost (US Dark Northern)	£105.52 £131 £126.001	+4.75
Rubber (spot)♥ Rubber (Sep)♥ Rubber (Oct)♥ Rubber (KL ASS No 1 Sep)	57.25p 59.75p 60.25p 242.0m	-0.75 -0.75 -0.75 -3.5
Coconut oil (Philippinos)§ Paim Oil (Morsyslan)§ Cogra (Philippinos)§ Sovabeans (US) Cotton "A" indicat Woolfops (645 Super) £ a tonno unless otherwise	\$467.5x \$305v \$315 £173w 82.7c 588p Stated, 0-0e	-2 -0.3

c-cents/ib r-ringgit/kg y-Oct/Dec. z-Sep. x-Nov. Dec +-Aug/Sep. v-Sep/Oct. w-Oct.fMeat Commission average fatslock prices. * change from a week ago. TLondon physical market. SCIF Ronordom. 🌩 Bullion market close. m-Malay-sian cants/ko.

	Close	Previous	High/Low
Sep	866	969	870 860
Dec	923	927	929 916
Mas Way	894 899	899 905	898 886 900 898
Jul	912	917	912
Sep	924	929	924 923
Dec	947	951	948 944
price for age for	Aug 14 1	rices (SDF	f 10 tonnes is per tonne). E 173.57) :10 day a 10.56)
COPPE	E E/Ionno		
	Close	Previous	High/Low
Sep	741	732	741 722
Nov Jan	752 766	741 757	750 728 765 748
Jan Mar	766 784	757 772	765 /46 787 767
May	810	795	796 783
Jul	825	819	815 809
Sep	635	8-40	834
Aug 11: age 70.8	Comp. d Comp. d (71.37) (\$ por to	ally 66.31 (i 5 tonnes ents per pound 68.82). 15 day a
Raw	Close	Provious	High/Low
Oct	306.00	319.20	318-20 302-00
Dec	295.00	307.80	
Mar May	286.80 282.00	297.80 291.60	298.40 285.00 292.60 290.00
Aug	279.00	286.00	284.00 280.00
White	Cipse	Provious	High/Law
Oct Dec	410.00 375.50	419.50 377.50	418.00 407.00 377.00 378.00
Mar	360.00	389 00	369.00 358.00
May Aug	357.00 354.00	367.00 355.30	366.00 360.00 358.50 356.00
White 63 Parls- W Mar 240	14 (681). Thite (FFr	per tonne): 375, Aug Z	Oct 2700, Dec 2 357, Oct 2305.
	Close	Previo	us High/Low
Oct	16.80		16.84 16.68
Nov	16 68	16 82	16.71 16.65
Dec IPE Inde	16 58 16.98 x		16.55
	r: 2744 (5 L S/tonno	027)	
	Close	Previous	High/Low
Sap	148.75	150 50	150.50 148.50
Qct	148.50	150.25	150.00 148.00
Nov	148 50	150.25	149.50 148.25
	149.50 147.50	151.00 151.00	150.00 149.00
Doc Inn		148.25	147.50 144.50 144.00
Jan Feb	146 00		
Jan Feb	146 00	32)los of	

XOCQ/	Close	Previous .		-	Clos	Α
			High/Low	About	ium, 59. 7	
p c	866 923	969 927	870 860 929 916	Cash	1797	
LF .	894	899	888 898	3 mont		
ay	899	905	900 898 912	Copper	, Grade /	19Q 20 A
1 3p	912 924	917 929	924 923	Cash	1726	
ec .	947	951	948 944	3 mont		
mov	er: 2163 (5	5132) lots o	d 10 tonnes	Lead (f	per tonn	e)
CO I	ndicator p	rices (SDF	is per tonne). Dail	Cash	427-1	
		1062.91 (10 071.15 (107	173.57) :10 day aver 10.581			
	Erionno		,		(\$ per ton	
	Close		Uzabil and	_ Çash 3 mont		0-700 0-600
		Previous	High/Low		er tonne)	_
ov Ov	741 752	732 741	741 722 750 728	Cash	8710	
m	766	757	765 748	3 mont		
ay ar	784	772 705	787 767	Zine, 8	pecial His	h Grad
ji Ji	810 825	795 819	796 783 815 809	Cesh	1770	
8p	635	8-0	834	3 mont	hs 1655	-60
UTTOV	or: 3563 (4	(816) lots o	I 5 torunes	Zinc (S	per tonne	e)
			ents per pound) to		1670	
	: Comp. d .81 (71.37)	any 05.31 ((68.82). 15 day aver			
	R (S por to	nre)		SPOT:	iosing £/\$ 1.5815	
LW	Close	Provious	High/Low			
ci.			318-20 302-00	-	_	
ec ec	306.00 295.00	319.20 307.80	318-23 302-00	POTAT	OES The	nne
ar	286.80	297.80	296.40 285.00		Close	Previo
ay ug	282.00 279.00	291.60 286.00	292.60 290.00 284.00 280.00	Nov Feb	135.0 160.0	140.0 155.5
hite	Close	Provious	High/Low	- Apr	208.0	214.9
	C-036	419.50		- Титтом	er 348 (50)1) lots (
	410.00		418.00 407.00			
	410.00 375.50		377.00 376.00			
ec Iar	375.50 360.00	377.50 389 00	369.00 358.00	SQYAL	EAN HE	
ec lar lay ug progw hite 6	375.50 360.00 357.00 354.00 8r: Raw 3	377.50 389.00 387.00 355.30 3396 (5669	369.00 358.00 366.00 360.00 358.50 356.00 liots of 50 tonnes	Oct Dec Feb	Close 133.50 133.50 139.00	Previo 136.40 136.40 138.80
hite 6 arts- V lar 24	375.50 360.00 357.00 354.00 er: Raw (534 (681). White (FFr 00, May 2	377.50 389.00 387.00 355.30 3396 (5669) per tonne): 375, Aug Z	368.00 358.00 366.00 360.00 358.50 356.00	Oct Dec Feb Turnove	Close 133.50 133.50 139.00 ar 85 (100	Previo 136.40 136.40 138.80 ()lota of
ec lar lay ug urnov hite 6 aris- V lar 24	375.50 360.00 357.00 354.60 er: Raw ; 334 (681). White (FFr 00, Mny 2.	377.50 389.00 387.00 355.30 3396 (5669 per torine): 375, Aug Z	369.00 359.00 366.00 360.00 358.50 356.00 liots of 50 tonnes Oct 2700, Dec 2450	Oct Dec Feb Turnove	Close 133.50 133.50 139.00 ar 85 (100	Previo 138.40 138.40 138.80 ()lota of
ec lar lay ug urnov hite 6 aris- V lar 24	375.50 360.00 357.00 354.00 er: Raw (534 (681). White (FFr 00, May 2	377.50 389.00 387.00 355.30 3396 (5669 per torine): 375, Aug Z	369.00 386.00 366.00 386.00 358.50 356.00 jlots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305.	Oct Dec Feb Turnove	Close 133.50 133.50 139.00 er 85 (100 er Futtle Close	Previo 138.40 138.40 138.80 Note of Previo
ec lar lay lag urnove mite 6 arts - V lar 24	375.50 380.00 357.00 354.00 er: Raw ; 334 (681). White (FFr 00, Mny 2. Close 16.30	377.50 389.00 387.00 355.30 3396 (5669) per tonne): 375, Aug Z rrel 0 Previo	369.00 386.00 366.00 386.00 358.50 356.00 jlots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305.	Oct Dec Feb Turnovi	Close 133.50 133.50 139.00 er 85 (100 er Futtle Close 1438	Previo 136.40 136.40 138.80 ()lota of Previo 1443
ec lar lay up mite 6 aris- V lar 24 RUDI	375.50 360.00 357.00 354.00 er: Raw ; 534 (681). White (FFr 00, Mny 2. Close 16.80 16.80	377.50 389.00 387.00 355.30 3396 (5669) per tonne): 375, Aug Z rrel 0 Previo 16.91 16.82	369.00 389.00 368.00 380.00 388.50 356.00 Jiets of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. us High/Low 16.84 16.88 16.71 16.65	Oct Dec Feb Turnove FREIQ	Close 133-50 133-50 139-00 at 85 (100 AT FUTUL Close 1438 1518 1567	Previo 136.40 136.40 138.80 ()lota of Previo 1443 1513 1568
ec lar lay urnow hite 6 arts- V lar 24	375.50 360.00 357.00 354.00 8r: Raw : 34 (681). White (Ffr 00, Mny 2. Close 16.80 16.68 16.56	377.50 389.00 387.00 385.30 3355.30 3396 (5669 per tonne): 375, Aug Z rrel 0 Previo	369.00 380.00 366.00 360.00 358.50 356.00 liots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305.	Out Dec Feb Turnove FREIGH	Close 133.50 123.50 139.00 or 85 (100 KT FUTUR Close 1438 1518 1567 1596	Previo 138.40 138.80 ()lota of Previo 1443 1513 1569 1600
ec lar lay urnove hite 6 aris- V er 24 et ct ov ec Ind	375.50 360.00 357.00 354.00 8F: Raw : 34 (681). White (FFr CO. May 2. Close 16.30 16 68 16 58	377.50 389.00 387.00 387.00 385.30 3396 (5669 per torine): 375, Aug 2: rrel 0 Previo 18.91 16.82 16.83 16.93	369.00 389.00 368.00 380.00 388.50 356.00 Jiets of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. us High/Low 16.84 16.88 16.71 16.65	Oct Dec Feb Turnove FREIQ	Close 133-50 133-50 139-00 at 85 (100 AT FUTUL Close 1438 1518 1567	Previo 136.40 136.40 138.80 ()lota of Previo 1443 1513 1568
eclar ay us urnove hite 6 aris- V ar 24 RUDE ct ov ec E Ind	375.50 380.00 357.00 354.00 8r: Raw ; 34 (681). White (FF) 700. May 2. Close 16.30	377.50 389.00 387.00 355.30 3396 (5669) per torine): 375, Aug 2: rrel 0 Previo 18.91 16.92 16.93	369.00 389.00 368.00 380.00 388.50 356.00 Jiets of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. us High/Low 16.84 16.88 16.71 16.65	Out Dec Feb Turnows FREDGI Aug Sep Oct Jan Apr BFI	Close 133.50 133.50 139.00 er 85 (100 KT FUTUR Close 1438 1516 1567 1596 1620	Previo 138.40 138.40 ()lota of Previo 1443 1516 1600 1623 1401
eclar ay us urnove hite 6 aris- V ar 24 RUDE ct ov ec E Ind	375.50 360.00 357.00 354.00 8F: Raw ; 334 (681). White (FFr 00). Mny 2. Close 16.30 16.30 16.30 16.88 16.88 16.88	377.50 389.00 387.00 385.30 385.30 3896 (5669 per tonne): 375, Aug Z rrel 0 Previo 18.91 16.93 16.93	369.00 359.00 369.00 369.00 358.50 356.00 3010 57 50 tonnes Oct 2700, Dec 2450 357, Oct 2305, us High/Low 16.84 16.88 16.71 16.65	Oct Dec Feb Turnove FREDGI	Close 133.50 133.50 133.50 139.00 139.00 139.00 147 FUTUR Close 1438 1516 1597 1596 1620 1445 1445	Previo 138.40 138.40 ()lota of Previo 1443 1516 1600 1623 1401
ec ar ay us	375.50 360.00 357.00 357.00 354.609 er: Raw ; 334.6891, Ahlte (FFr 00, Mny 2. 16.80 16.80 16.80 er: 2744 (6 fL Stranno Close	377.50 389.00 387.00 385.30 385.30 3896 (5669 per tonne): 375, Aug Z rrel 0 Previo 16.93 16.93 16.93	369.00 359.00 369.00 369.00 358.50 356.00 358.50 356.00 357. Oct 2700, Dec 2450 357. Oct 2305. us High/Low 16.84 16.88 16.71 16.65	Oct Dec Feb Turnow Sep Oct Jan Apr BFI Turnow GRAIN	Close 133.50 133.50 133.50 139.00 139.00 139.00 147 FUTUR Close 1438 1516 1567 1596 1620 1445 1445 1516 1620 1620 1620 1620 1620 1620 1620 16	Previo 138.40 138.80 ()lota of Previo 1443 1513 1568 1603 1401
ec ar ay sign of the sign of t	375.50 350.00 357.00 354.00 354.00 354.00 354.(681) 354.(681) 354.(681) 354.(681) 354.(681) 354.(681) 364.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681) 365.(681)	377.50 389.00 387.00 385.00 333.6 (5669 375, Aug Z 777el 0 Previo 1 16.91 1 10.82 1 16.93 1 16.93 1 16.93	369.00 389.00 369.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. us High/Low 16.84 16.88 16.71 16.65 16.55 High/Low	Oct Dec Feb Turnow Sop Oct Jan Apr Bri Turnow Wheel	Close 133.50 133.50 133.50 133.03 133	Previo 138.40 138.80 ()lota of Previo 1513 1568 1500 1623 1401 (9)
ec ar ay sign of the sign of t	375.50 350.00 351.00 354.00 er: Raw : 334 (681). White (FFr 00. May 2. Close 16.80 16.80 er: 2744 (£ EL Stranno Close 148.75 148.75	377, 50 389,00 387,00 335,30 3396 (5669 per tonne); 375, Aug Z rret 0 Previous 16,93 16,93 16,93 16,93 150,25	369.00 385.00 366.00 380.00 385.50 385.00 illets of 50 tonnes Oct 2700, Dec 2450 157, Oct 2303, us High/Low 16.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00	Oct Dec Feb Turnove FREDGI Sep Oct Jan Apr BFI Turnove GRAIN:	Close 133.50 133.50 133.50 139.00 139.00 149.00 147 FUTUI Close 1438 1576 1596 1620 1495 1495 1515 1516 1620 1405 1516 1620 1405 1620 1405 1756 1856 1856 1856 1856 1856 1856 1856 18	Previo 138.40 138.40 138.80 ()lots of Previo 1443 1513 1569 1623 1401 Previo 107.25
ec ar ay	375.50 350.00 357.00 354.00 354.00 364 (681). White (FFr 00. Mny 2. Close 16.36 16.86 16.96 16.96 16.96 16.96 16.96 16.96 148.50 148.50 148.50 149.50	377, 50 389, 00 387,00 387,00 333,00 333,00 3396 (5669) per fonne); 375, Aug Z rret 9 Previou 16,93 16,93 16,93 16,93 16,93 16,93 175, 20 175, 20	369.00 389.00 369.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. us High/Low 16.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 149.50 148.25	Oct Dec Feb Turnow Sop Oct Jan Apr Bri Turnow Wheel	Close 133.50 133.50 133.50 133.00 133.00 133.00 133.00 133.00 133.00 133.00 1438 1518 1597 1596 1620 1620 1635 167 135 (13	Previo 138.40 138.40 138.40 138.80 (lots of 138.80 158.80 158.80 159.80
ec ar ay	375.50 360.00 351.00 354.00 er: Raw : 334 (681). White (FFr 00. May 2. Close 16.80 1	377.50 389.00 387.00 387.00 385.30 3396 (5669 per tonne): 375, Aug Z rrel 0 Previo 16.89 16.89 150.25 150.25 150.25 150.25 150.25	369.00 380.00 366.00 360.00 358.50 356.00)lots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. us High/Low 18.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 149.50 148.00 149.50 148.00 149.50 148.00	Oct Dec Feb Turnow Sep Oct Jan Apr BFI Turnow Wheal Sep Nov Jan Mar	Close 133.50 133.50 133.03 133	Previo 138.40 138.80 ()lota 138.80 ()lota 138.80 ()lota 1513 1513 1568 1500 1623 1401 (8)
ec ar ay up	375.50 360.00 357.00 357.00 354.609 er: Raw : 334 (681). Ahlte (FFr 00). Mny 2. Close 16.80 16.80 16.80 16.80 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.8	377, 50 389,00 387,00 387,00 385,30 3396 (5669) per tonne): 375, Aug Z rrel 0 Previo 16,91 16,93 16,93 16,93 150,25 150,25 151,00 151,00 151,00 151,00 151,00 151,00 151,00 151,00	369.00 389.00 369.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. US High/Low 15.84 18.68 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 147.50 149.00 147.50 144.00	Oct Dec Feb Turnow Sep Oct Jan Apr BFI Turnow Wheat Sep Nov Jen May	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 1438 1578 1596 1596 1596 1596 1596 1596 1596 110.85 1110.85 114.30 116.90 119.80	Previo 138.40 138.40 138.40 138.80 (Note of Previo 1443 1513 1569 1600 1623 1401 8)
ec ar ay up	375.50 360.00 357.00 357.00 354.609 er: Raw : 334 (681). Ahlte (FFr 00). Mny 2. Close 16.80 16.80 16.80 16.80 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.8	377.50 389.00 387.00 387.00 385.30 3396 (5669 per tonne): 375, Aug Z rrel 0 Previo 16.89 16.89 150.25 150.25 150.25 150.25 150.25	369.00 389.00 369.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. US High/Low 15.84 18.68 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 147.50 149.00 147.50 144.00	Oct Dec Feb Turnow Sep Oct Jan Apr BFI Turnow Wheal Sep Nov Jan Mar	Close 133.50 133.50 133.03 133	Previo 138.40 138.80 ()lota 138.80 ()lota 138.80 ()lota 1513 1513 1568 1500 1623 1401 (8)
ec ar ay up	375.50 360.00 357.00 357.00 354.609 er: Raw : 334 (681). Ahlte (FFr 00). Mny 2. Close 16.80 16.80 16.80 16.80 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.8	377, 50 389,00 387,00 387,00 385,30 3396 (5669) per tonne): 375, Aug Z rrel 0 Previo 16,91 16,93 16,93 16,93 150,25 150,25 151,00 151,00 151,00 151,00 151,00 151,00 151,00 151,00	369.00 389.00 369.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. US High/Low 15.84 18.68 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 147.50 149.00 147.50 144.00	Oct Dec Feb Turnow Sep Oct Jan Apr BFI Turnow Wheat Sep Nov Jen May	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 1438 1578 1596 1596 1596 1596 1596 1596 1596 110.85 1110.85 114.30 116.90 119.80	Previo 138.40 138.80 ()lota 138.80 ()lota 138.80 ()lota 1513 1513 1568 1500 1623 1401 (8)
ac array of the control of the contr	375.50 360.00 357.00 357.00 354.609 er: Raw : 334 (681). Ahlte (FFr 00). Mny 2. Close 16.80 16.80 16.80 16.80 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.80 16.81 16.8	377, 50 389,00 387,00 387,00 385,30 3396 (5669) per tonne): 375, Aug Z rrel 0 Previo 16,91 16,93 16,93 16,93 150,25 150,25 151,00 151,00 151,00 151,00 151,00 151,00 151,00 151,00	369.00 389.00 369.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. US High/Low 15.84 18.68 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 147.50 149.00 147.50 144.00	Oct Dec Feb Turnove Sep Oct Jan Apr Ben Turnove GRAIN: Wheat Sep Nov Jen May Jun Barley Sep	Close 133.50 133.50 133.03 139.03 139.03 139.03 139.03 139.03 1458 1578 1578 1578 1578 1578 1578 1578 15	Previo 138.40 138.40 138.40 138.40 138.40 138.40 1443 1513 1568 1602 1623 1401 103.40 17.25 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85
ar ay usp	375.50 350.00 351.00 351.00 351.00 351.00 351.00 361.00 16.3	377, 50 389,00 387,00 335,30 3396 (5669 per tonne); 375, Aug Z rret 0 Previous 16,93 16,93 16,93 150,25 150,25 150,25 151,00 151	369.00 359.00 369.00 369.00 358.50 356.00 358.50 356.00 357. Oct 2305. Us High/Low 18.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 149.50 148.00 149.50 148.00 149.50 148.00 144.50 144.60	Oct Dec Feb Turnove FREDGI Sep Oct Jan Apr Bri Turnove Wheel Sep Nov Jan Mary Jun Barley Sep Nov Oct Jan Mary Jun Barley Sep Nov Jen More May Jun Barley Sep Nov Sep N	Close 133.50 133.50 133.50 133.03 139.03 139.03 139.03 139.03 139.03 1438 1518 1578 1596 1620 1445 1620 1620 17.50 110.85 114.30 118.90 119.80 121.86 Close 103.10 107.00	Previo 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 140 156.4
ec ar ay sign of the sign of t	375.50 350.00 357.00 354.00 er: Raw : 334 (681). White (FFr 00. Mny 2. Close 16.36 1	377, 50 389,00 387,00 387,00 385,30 335,30 335,30 375, Aug Z 20 20 20 20 20 20 20 20 20 20 20 20 20	369.00 389.00 366.00 380.00 368.00 380.00 388.50 386.00 ilots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. us High/Low 16.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 149.50 148.25 150.00 148.00 147.50 144.50 144.60	Oct Dec Feb Turnove FAEDoi Van Apr Bri Turnove Wheed Sep Nov Jen Mar May Jun Barley Sep Nov Jen Mar May Jun Mar	Close 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 1438 1518 1596 1596 1596 1596 1596 1596 11438 1518 1518 1518 1518 1518 1518 1518 15	Previo 138.40 138.40 138.40 138.40 138.40 138.40 1443 1513 1568 1602 1623 1401 103.40 17.25 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85 116.60 113.85
ar ay support of the	375.50 350.00 351.00 351.00 351.00 351.00 351.00 361.00 16	377.50 389.00 389.00 385.30 3395.(5669) 3395.(5669) 375, Aug Z 377ret 30 378.20 378.20 378.20 379.20	369.00 389.00 369.00 380.00 369.00 380.00 369.00 380.00 38	Oct Dec Feb Turnove FREDGI Sep Oct Jan Apr BFI Turnove GRAIN: Wheat Sep Nov Jan Mar May Jun Barley Sep Nov Jan	Close 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 1458 1578 1596 1620 1445 1445 1445 1445 1445 1445 17.56 107.56 114.30 119.80 121.65 Close 103.10 107.00 110.00	Previo 133.40 138.80 ()lota of 138.80 ()lota of 1443 1513 1563 1401 8) Previo 107.25 116.80 113.85 113.85
eclary uspurpower hitse 6 aris- 14 hitse 7 aris- 14 hitse	375.50 350.00 357.00 354.00 354.00 354.00 354.00 354.00 354.00 354.00 354.00 354.00 16.00	377. 50 389.00 387.00 387.00 387.00 385.30 3896 (5669 375, Aug Z rrel 0	369.00 389.00 366.00 360.00 366.00 360.00 360.00 360.00 368.00 388.50 38	Oct Dec Feb Turnove FREDGI Sep Oct Jan Apr BFI Turnove Wheat Sep Nov Jan Mar May Jun Sep Nov Jan Mar May Turnove Turno	Close 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 1438 1518 1596 1620 1445 1445 1445 1445 1445 17.86 114.30 119.80 121.65 103.10 107.00 112.65 114.70 114.66	Previo 138.40 138.80 (liota of 138.80 138.80 1513 1563 1401 8) Previo 107.25 110.80 113.85 116.80 113.85 116.80 113.60 113.40 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.85 114.80 114.85 114.80 114.85 1
ec lar lay up	375.50 356.00 357.00 354.00 354.00 687. Raw : 334.681). White (FFr 00. May 2. Close 16.80 16.80 16.80 16.80 16.85 16.56 148.50 148.50 148.50 149.50 1	377.50 389.00 389.00 387.00 387.00 387.00 387.00 387.00 387.00 387.00 375. Aug Z 7rrel 0 Previous 16.91 16.82 16.83 16.93 16.93 16.93 150.25 150.25 150.25 150.25 150.25 151.00 148.25 182.30 148.25 182.30 16.93	359.00 359.00 358.50 356.00 350.00 358.50 356.00 358.50 356.00 358.50 35	Oct Dec Feb Turnove FREDGI Sep Oct Jan Apr BFI Turnove Wheat Sep Nov Jan Mar May Jun Sep Nov Jan Mar May Turnove Turno	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 135.03 1438 1578 1596 1620 1438 1578 1620 1445 1620 17405 17405 17405 17405 17405 17405 17405 17405 17405 17405 17400 1740	Previo 138.40 138.80 (liota of 138.80 138.80 1513 1563 1401 8) Previo 107.25 110.80 113.85 116.80 113.85 116.80 113.60 113.40 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 114.80 114.85 1
ec ar as y a	375.50 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 46.	377, 50 389,00 387,00 387,00 387,00 385,30 387,00 387,00 387,00 387,00 375, Aug Z rrel 0 0 0 0 18,92 18,93 16,93 1	369.00 386.00 366.00 380.00 366.00 380.00 388.50 386.00 388.50 386.00 388.50 386.00 388.50 386.00 388.50 386.00 388.50 386.00 387. Oct 2305. US High/Low 15.84 18.88 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 149.50 148.00 147.50 144.50 144.00 100 tonnes Ex on offer ports the Teal was good but all other ar with 3 to 186.00 148.00 149.10 tonnes Ex on offer ports the Teal was good but all other ar with 3 to 186.00 18 10	Oct Dec Feb Turnove FAEDol FAE	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 135	Previo 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 158.41 1569 1569 1623 1401 167.25 110.50 113.95 116.40 177.10 107.10 107.45 112.60 114.85 147 (244 100 tons
ec ar say	375.50 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 16.80 16.	377, 50 389,00 387,00 385,30 389,65669 ger tonne); 375, Aug Z rret 0 Previo 18,91 16,92 16,93 16,93 16,93 16,93 150,25 150,25 150,25 151,00 15	369.00 350.00 366.00 360.00 366.00 360.00 368.50 356.00 plots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. US High/Low 18.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 149.50 148.25 150.00 148.00 149.50 148.00 144.50 144.60 100 tonnes Ex on offer ports the Tea was good but lightest liquoring or mediums but all other ar with a Cevions best	Oct Dec Feb Turnove FAEDol FAE	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 135.03 1438 1576 1576 1438 1576 1445 1445 1445 1445 1445 1445 1445 144	Previo 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 158.41 1569 1569 1623 1401 167.25 110.50 113.95 116.60 177.25 116.60 177.45 116
ec lar las la	375.50 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 375.60 376.60 16.80	377, 50 389,00 387,00 387,00 385,30 335,30 335,5 40 20 Previor 18,91 16,92 16,93 16,	369.00 359.00 36	Oct Dec Feb Turnove FREIGH Sep Oct Jan Apr BF1 Turnove Sep Nov Jan Mar May Jun Barley Sep Jan Mar May Turnove Turnove Turnove Figs (C	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 1438 1578 1578 1578 1578 1578 1578 1578 1620 11405 1740	Previo 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 149.1 1568 1500 1500 1500 1500 1500 1500 1500 150
ec lar las y la	375.50 355.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 358.4 (681). White (FFr 00. Mny 2. Close 16.80 16.80 16.88 16.50 16.80 16	377, 50 389,00 387,00 385,30 389,60 385,30 3896 (5669 per tonne); 375, Aug Z rret 0 Previous 16,93 16,93 16,93 16,93 150,25 150,25 150,25 151,00 148,25 332)lots of 20 package phishore, resistent from the period of the period o	359.00 359.00 358.50 356.00 358.50 356.00 358.50 358.00 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 359.50 35	Oct Dec Feb Turnove FRENCH Sep Oct Jan Mar May Jun Mar May Turnove FRES (C Aug	Close 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 1438 1518 1596 1620 1445 1445 1445 1596 1620 1445 1445 1445 1445 1445 1620 17.55 114.30 119.80 121.65 103.10 107.00 112.65 114.75	Previo 138.40 138.80 () lots of 138.80 () lots of 1443 1513 1513 1562 1401 1623 1401 1623 1401 17.80 118.80
ec lar	375.50 350.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 16.80 16	377. 50 389.00 387.00 387.00 385.30 3896 (5669 375, Aug Z 375, Aug	359.00 359.00 358.50 356.00 358.50 356.00 358.50 356.00 liots of 50 tonnes Oct 2700, Dec 2450 357, Oct 2305. us High/Low 16.84 16.88 16.71 16.65 16.55 High/Low 150.50 148.50 150.00 148.00 149.50 148.00 147.50 144.50 144.00 100 tonnes us on offer ports the Tea us good but ightest liquoring r mediums to but all other ar with a Ceylone best limed by 5-10p ty, In the ideah offerings out liest grees.	Oct Dec Feb Turnow FREIGH Sep Oct Jan Apr BF1 Turnow Wheat Sep Nov Jan Mar May Jun Barley Sep Nov Jan Mar May Turnow Turnow Pics (C	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 134	Previo 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 149.1 1568 1500 1500 1500 1500 1500 1500 1500 150
ec lar lasy us with the same last last last last last last last last	375.50 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 357.00 367.00 367.00 367.00 16.8	377, 50 389,00 387,00 387,00 387,00 385,30 385,30 387,00 385,30 387,00 387,00 387,00 375, Aug Z rret 0 Previous 16,93 16	359.00 359.00 358.50 356.00 358.50 356.00 358.50 358.00 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 358.50 359.50 35	Oct Dec Feb Turnove FREDGI FRE	Close 133.50 133.50 133.50 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 133.03 135	Previo 138.40 138.40 138.40 138.40 138.40 138.40 138.40 138.40 140 156.40 1623 1500 1623 1401 167.10 107.40 113.40 177.40

LONDO	N META	T EXCHA	NOE		(Prices suppli	ed by Amalgam	ated Metal Trading)
	Clos	Ð	Previous	High/Low	AM Offic	tal Kerb clos	e Open Interest
Akamini	ım, 39. 7°	% purity (S	per tonne)			Ring tu	mover 17,800 tonne
Gash 3 month	1797- s 1795-		1803-5 1795-800	1790/1782 1815/1780		1786-9	30,552 lots
Copper,	Grade A	(£ per ton	ine)			Ring tu	mover 56,325 tonne
Cash 3 month	1726 8 1714		1658-60 1847-8	1720/1607 1717/1675		1711-2	71,635 lots
Lead (E	per tonn	a)				Ring t	amover 9,250 tonne
Cash 3 month	427-6 a 425-6		435-7 429.5-30.0	429/428 432/425	428.5-9 425-6	425-7	10,847 lots
Nickel (per ton	ne)				Ring	turnover 906 tonne
Cash 3 month			13800-50 12500-50	14000/139 12800/125			5.489 lots
Tin (\$ pe	er tonne)					Ring	turnover 650 torme
Cash 3 month	8710- 6 8820-		8850-0000 9040-50	8860/8750 9000/8800		8600-700	5,499 lots
Zinc, Sp	eclal Hilp	h Grade (\$	per tonne)			Ring tu	mover 14,025 tonne
Cesh 3 month	1770- s 1655-		1798-800 1858-60	1780/1765 1678/1650	1766-7 1666-8	1650-8	11,607 lots
Zinc (5 p	er tonne	1)				Ring to	irnover 4,675 tonne
Cash 3 month	1670- s 1600-		1685-95 1595-600	1690/1680 1610/1602	1685-90 1600-10	1600-10	7,336 lots
LME CK SPOT: 1	xeing £/\$.5815		months: 1,563	0	6 months:	1.5429	9 months: 1.5288
POTATO	NES Effor	me			LONDON IK	TLION MARKS	
	Close	Previous	High/Low		Gold (tine oz)	S price	Inelayiupe 2
Nov Feb Apr	135.0 160.0 206.0	140.0 155.5 214.9	136.0 135.0 156.0 215.0 206.1		Close Opening Morning fix	364-364 ½ 362 ½-363 363	229 ¹ 4 -230 ¹ 4 228 ¹ 4 -228 ³ 4 228 589
Титтючен	r 348 (50	1) lots of	40 tonnes.		Atternoon fix Day's high	363.3 364-364 ¹ 2	228.922
SQYABI	EAN ME	AL Cronne			Day's low	382-882 ¹ 2	
	Close	Previous	High/Low				
Oct	133.50	136.40	133.50		Coine	\$ price	2 equivalent

ash month	1670- s 1600-		7685-95 1595-600	1690/1690 1610/1602		1	600-1 0		7,336	lots
ME Ck POT: 1	celng £/\$.5815		months: 1,563	0	6 months:				9 mont	
							-			
OTATO	ES Effor	me			LÓNDON BU	LLICK	MAT	KET		
	Close	Previous	High/Low		Gold (tine oz)	\$ pric	•		equive	alent.
97 95 97	135.0 160.0 206.0	140.0 155.5 214.9	136.0 135.0 156.0 215.0 208.1		Close Opening Morning fix	364-36 352 ¹ 2- 363		2	29 4 - 22 28 4 - 22 28 - 589	
ITTOVE	r 348 (50	1) fota or -	40 tonnes.		Afternoon fix Day's high	363.3 364-3	44b	2	28.922	
QYAB	EAN HE	AL Chonne			Day's low	362-8	22			
	Close	Previous	High/Low							
ct	133.50	138.40	133.50		Coine	\$ pric		Σ	ednya	dent
HC HC	133.50 139.00	136,40 138,80			Mapleleat	375-38	1C		35 2-25	
	85 (100)	lota of 20	_		Britannia US Eagle Angel	375-36 375-36 372-37	90	2	36 ½ - 23 36 ½ - 23 34 ¼ - 23	1912
RENOH	T FUTUE	123 \$10/In	dex point		Krugerrand	363-30		2	29-281	•
	Close	Previous	High/Low		New Sav. Old Sav.	85 ¹ 2-6			454 <u>1</u> 4541	
#8 #P #1	1438 1518 1567	1443 1513 1568	1440 1438 1516 1511 1570 1565		Noble Plat	486.5			05.55-3	10.85
וח סר	1596 1620	1600 1623	1600 1595		Silver fix	p/fine	œ		\$ es (duiv
ñ	1405	1401	1623 1620		Spot	325.35	_	_	16.50	
move	135 (13	9			3 months 6 months 12 months	336.45 347.50 383.45	•	5	28.35 39.35 61.45	
	Étanne				TE HANNING	300.40	•	9	27.AG	
heat	Close	Previous	High/Low							
TD QT	107.50	107.25	107.65 107.2	2	POHIDON INIT			GE TH	MD)	OPTIO
N N	110.85 114.30	110.60 113.95	111.00 110.7 114.30 114.1		Aluminium (%	3.7%)	0	dle	F	July .
<u>8</u> 5	116.90	116.60		•	Strike price \$	tonne	Sep	Nov	Sep	Nov
n n	119,80 121,65	119.60	119.95 121.70 121.6	5	1700 1800		110 38	121 62	4 31	24 62
riey	Close	Previous	High/Low		1900		7	· 26	99	124
ip q	103.10	103.10	103.10		Copper (Grad	e A)	C	dis	F	, CE
×	107.00	107.10	107.10		2600	-	148	158	19	80
n Er	110.00 112.65	109.95	110.10		2700		81	108	51	127
ay	114.70	112.60 114.85			2800		37	70	106	187
mover	: Wheat	147 (249). 100 tonnes	Barley 32 (86)).	LONDON FOX	TRAE		TION		-

Cocca

 ${\bf z}_i$

_				
Ne	w Y	ork		
- GOU	100 troy	Q2.; \$/troy (NZ	-
_	Close	Previous	High/Lo	w
Aug Sep	367.1 367.5	365.2 365.8	367.8	384.7
Oct	386.4	367.7	363.8 370.3	363.8 356.5
Pec Feb	373.2 377,1	\$71.4 375.1	374.0 376.4	370.4 374.4
. Apr Jun	380.9 384.7	378.9 382.7	380.9 382.9	377.5 382.6
Aug	388.4	386.4	387.5	387,5
Oct	392.2	390.1	٥	D
				•
PLAT	DALBH 50 :	roy az; \$/tre		<u>:</u>
	Close	Previous	High/Lo	
Sep	484.2	482.7	0	0 .
Oct Jen	487 <u>.2</u> 491.1	485.7 · 489.5	489.4 492.8	481.5 487.5
Apr	494.8	483.2	a	0
Oct	498.4 502.0	498.8 500.4	0	0
_				
				· .
\$9.VI		roy oz, cent	l/troy cz.	
	Close	Previous	High/Lo	
Aug Sep	519.5 522.0	519.2 521,8	0 524.5	0 518.5
Qet.	525.9	525.7	0	Ö
Dec Jan	584,4 587.6	534.1 537.3	637.0 C	531.0 0
Mar May	546.0 553.8	545.4 553.1	548.0 550.5	544.5 580.5
Jul	582.0	561.2	582.0	682.0
Sep Dec	570.1 581.5	<i>9</i> 69.3 580.7	0 Q .	0
		_		
COPP	ER 25.000	lbs; cents/l	be	
	Close	Previous	High/Lov	,
Aug	120.35	117.35	120.50	120.50
Sep Oct	120.00 119.06	117.00 118.10	120,30 0	117.50 0
Dec	117.25	114.50	117.50	115.00

HU		ght) 42,000			(Ch	ilcag	Ö		
	Latest	Previous	·High/Lo	jw					
юр	18.42	18.48	18.49	18.28	2014		000 bu min;		
Oct Vov	18,10 . 17,98	18.18 18.05	18 18 18.05	18.03 . 17,90		Close	Previous	High/Low	
)ec	17,88	17,96	17,95	17.81	Aug	602/4	615/0	608/0	597/
an	17.80	17.27	17.86	17,74	Sep Nov	577/0 571/0	597/4 591/2	587/0 579/0	5734
eb Aar	17.72 17.70	17,81 17,78	17.80 17.78	17.89 17.85	Jan	579/2	600/6	588/4	565/1 575/1
(Or	17,64	17.72	17.67	17.62	Man	591/0	60B/0	596/4	586/
łay	17.70	17.69	17.70	17.67	May	599/0	617/0	B04/0	593/1
EAT	ING OIL 4	2,000 US g	alis, centr	VLIS calls	. Jul QUA	602/0 597/0	619/0 613/0	600/0	598/
	Latest	Previous							597/
	4995				301A		. 60,000 lbs; (
ep Ict	. 5055	5020 5084	5005 . 5070	4980 5040		Close	Previous	HighrLow	1
OV.	5135	5154	. 5145	5115	Aug	17.65	T8.68	18.35	17.54
BÇ	5205	5227	5215	5180	Sep Oct	17.71 17.94	18.63	18,40	17.6
an eb	5230 5150	5252 5182	5230 5189	5210	Dec	18.41	18.85 19.32	18.50 18.86	17.88 18.33
				. 5140	, Jan	18.56	19.53	19.05	18.5
OCC	3A 10 tón	encci/\$per	<u> </u>		Mar	18.96	19.92	19.50	18,90
	Close	Previous	High/Lo	W	May	19.30 19.50	20.22 20.40	19.85	19.30
ep	1268	1278	1270	1250				19.70	19.50
ec.	1295	1301	1300	1278	POLY	BEAN ME	AL 100 tons;	\$/10n	
lay Lay	1296 1300	1299 1305 .	1300	1281		Close	Previous	High/Low	
eb my	1335	1305 . 1333	1305 1320	1290 1320	Aug	198.7	202.2	199.5	193.0
ul i	1318	1323	0	٥	Sep	185.4	186.2	185.8	182.7
80	1352	1359	0	0	Oct	180.4 178.8	184.0 182.7	182.0	177.2
OFF	EE "C" 37	,500tbs; ce	nta/lbs		Jan	178.6	182.3	180.0 179.5	176.0
	Close	Previous	High/Lo	<u> </u>	Mar	179.7	183.0	181.0	176.8 178.0
ep	76.62	70.84	77.40		May	182.0	183.5	182.0	179.0
9 G .	78.42	78.31	77.40 78.60	74.80	Jul	182.5	185.0	182.5	179.0
ar	81.48	80.95	81.50	79.60	MAIZ	5,000 bu	min; cents/5	gip pritipe;	
aty il	83.63 85.25	83,43 86.00	83.70	82.25		Close	Previous	High/Low	
ab- 11	88.00	85.63 66.75	85.25 88.75	84.80 87.00	Sep	227/8	234/0	281/4	922
BG.	90.75	S2.35	91.50	90.10	Dec	231/6	235/6	232/4	227/2 229/6
					Mar May	240/0	243/4	241/0	237/4
164	A WORL	112.0	100 Ib	nete Ph.	. Jul	245/4 246/2	248/6 250/0	245/4	243/0
			_		Sep	242/2	230/0 245/6	247/2 242/2	244/8
_	Close	Previous	High/Le		Dec	241/0	244/2	241/6	239/4
et US	13.63	14,42	14.37	13.57	Dec	233/4	237/0	233/4	233/0
ar	11.94 12.81	12.73 13.41	6 13.38	12.75	WHITEA	T 5,000 bu	min; cents/	Manud-6100	
by	12.67	13.09	13.10	12.75 12.59		Close	Previous	High/Low	~
11	1249	12.85	12.64	12.46	Sep	397/0	397/6		
cŧ	12.20	12.60	12.55	12.20	Dec	411/6	412/6	397/6 412/0	392/4
_				 -	Mar	41770	417/4	417/0	408/4
יווט	ON 50,000	; conts/fbs			May Jul	397/4	397/0	397/4	392/4
	Close	Previous	High/Lo		Sep	355/4 370/0	365/4	368/0	359/0
a	72.95	74.64					369/0	0	0
40	73.50	75.20	74.10 74.70	72.80 73.20	FIAE C		,000 lbs; can	te/\bs	
	74,45	76.15	75.60	73.20 74.40		Çiçês	Previous	High/Low	
ay .	75.10	76,40	76.10	75.16	Aug	74.52	74.67		
ct BC	66.90	70.48	70.05	89.70	Sep	75.35	75.85	74,90 0	74 50
	OT SU	67.12	67.40	66.50	Oct	75.52	76.17	76.35	75.35 75.50
					Dec Fob	74.27	74.87	74.95	74,25
AN	GE YUICE	15,000 lbs;	cente/lbs		Apr	73.52 74.80	73.80	73.85	73.47
	Close	Previous	High/Los		-griu	74.60 72.30	74.80 72.22	74.85	74.50
P	159,60	156.90	180.20		Aug	70.60	70.30	72.40 70.90	72.05
N	147.40	145.95	148.00	157,30 145,75	LIVE W		00 lts; cents/i	19-00	70.60
B	143.65	143.00	144.00	142.90				pa	
E.	142.70	142,15	143.00	142.75		Close	Previous	High/Low	
D D	141.70 140.50	141.15	0 .	Q	Aug	47.07	48,97	47,22	40.00
A A	140.50	140.25 140.25	0	0	Oct	40.17	39,95	40.40	46.65 39.90
•			-	0	Deg Feb	41.87	41,90	42.25	41.70
					Apr	43.15 40.45	43.35	43.47	42.82
_					Jun	45,30	40.45 45.60	40.90	40.45
	203				Jul	45,70	46.00	45.80 - 46.07	45.27
EUŢ	ERS (Bas	e: Septemb	er 18 193	1 = 10m	Aug	44.15	44 40	44.85	45.70 44.15
	Aug 11		_		PORK	SELLES.	10.000 (ba; ca	mladik	77,19
_				O yr ago					
	1892.0	1893.2	1950.3	1875.1		Close	Provious	High/Low	
OW	JÖNES (E	3854: Dec. 3	1 1974 -	100)	Aug	25.15	24 77	25.70	24,77
ot	128.00	129.03	130.46		Feb Mar	39.46 30.60	39.05	39.85	59,20
	129,23	128.41	120.00	131.10	May	39 50	39.00	39.75	39,30
aun.			146.462	134,42	DOM:N	40.65	40.80		40,60

83.75 (14/6)

95.21

1447.8

154,7 (17/2)

FT-SE 100 31/12/83. C Nii 12.27

S.E. ACTIVITY

Gilt Edged Bargains

(9/8)

127.4 (9/1/35)

1972.0

1782.8 2443.4 986.9 (3/1) (16/7/87) (23/7/84)

Basis 100 Govt. Secs 15/10/28, Fixed Int. 1928.

Gilt Edged Sargains 97.3 10
Equity Bargains N/A M
Equity Value N/A M
5 – Day average
Gilt Edged Bargains 99.3 98
Equity Bargains N/A M
Equity Value N/A M
SE Activity 1974, (Excluding Intra-market
business & O'aeaa turnover. London rep
and latest Share Index: Tel. 0898 123001

105.4 50.53 (28/11/47) (3/1/75)

(26/6/40)

LONDON STOCK EXCHANGE

Equity shakeout as retail sales fall

SOME OF last week's bounce was taken out of the London equity sector yesterday when confirmation of a heavy fall in domestic retail sales proved enough to trigger a significant downward correction across the broad range ofthe market. The news of a 0.6 per cent drop in July sales, compared with City predictions of a small rise, fell on a market ripe for a reassessment after its recent advance which had reflected heavy speculative activity.

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It was the market's confidence which took most of the shock, however, there was no great-weight of selling, despite the fall of nearly 30 points on the Footsle scale.

Aug 11 Sep 11 Sep 25 Market analysts generally

took a bearish view of the shakeout. At Hoare Govett, Mr Robin Aspinall warned of a possibly "significant correction, perhaps of around 150 - 200 Footsie points," although the firm still stands behind its prediction that the FT-SE will close the year at 2,450. Mr John

inflation and wages data. A correction in the market had been virtually shouted from the housetops at the weekend and the alarm was also sounded by a survey of the distributive trades by the Confederation of British Industry and the Financial Times, indicating almost negligible retail sales growth in July. The point

area of concern.
The day started badly, with commented that the market will now be very cautious of the announcement later this the Stock Exchange's electronic trading system delayed for one hour by technical probweek of the latest domestic lems and a number of blue chip stocks quoted lower because of ex-dividend adjustments. The first reading on the Footsie showed a fall of nearly 40 points and although this proved to be the low point for the day, it set the stage for the rest of the trading session.

But in the absence of any substantial selling pressure, traders doubted whether turn-over levels were much affected by the absence of the Seaq network between 7.30am and 8.30am. The market rallied.

dence that KKR was buying,

but the knowledge that it was there made BTR the best per-

FTSE-100 stocks. The price touched a high of 468p before

closing at 454p, a net rise of 11

on the day.

Wellcome was buoyed by

continued talk that ICI might take an interest in the com-

pany. It ended a penny better

at 524p. Turning xd combined

with market weakness left ICI

The placing of shares in Bab-

cock International at 570 by

Panmure Gordon proved

highly successful in the face of a weakened equity market. By

the end of the day, the shares

stood at 63p-64½p after 33m bad traded. Traders com-

mented that the shares, placed

former FBI Babcock, were

attractive "because of a good

yield and earnings prospects".

Racal Electronics held fairly

steady against the market trend, closing only a shade lower at 215p. Traders reported

two way business with neither US nor UK holders inclined to

sell shares in yesterday's

to recommend the trading out-

look for Racal as positive,

"principally as a result of

according to Mr Simon Street

Racal Telecom's rapid growth.

UK market analysts continue

apprehensive marketplace.

Among electronic stocks,

as a result of the break-up of

42 off at 1300p.

reducing the loss on the Foot-sie to 29 points until nerves tautened again ahead of Wali Street's opening. Tension was heightened when a trade in BAT Industries shares was apparently mis-reported in New York, but London finally settled down in the shadow of an unimpressive opening on Wall Street.

Government Secs

Ord. Div. Yield

Earning Yid %(full) P/E Ratio(Net)(\phi)

SEAO Bargains(Spm) Foulty Turnover(£m)†

Open 1938.6 1942.7

Ordinary Share Index, Hourly changes

At its final reading, the FT-SE index was 28.3 points down at 2,325.9, on moderate turnover of 434.9m shares through Seaq, against nearly 600m on Friday. In perspective, the market had declined by only 1.2 per cent. Speculative interest was subdued, although BTR closed firmly.

in Vietnam has been delayed

until next year. One of the likely beneficia ries from a carve-up of those North Sea assets, British Gas, was the best performer among sector majors. It closed unchanged at 208p. "It is a defensive stock which is at a yield premium to the other

majors," explained an analyst. Burmah slipped 5 to 642 ahead of interims due early next month. Analysts are in the midst of preparing pre-re-sults notes, and one said there might be "some tickling down of the estimates over the next

few days."
Gestetner Ordinary shed 4 to 280p in spite of a change of opinion from BZW which now rates the stock a hold, instead of a weak sell.

A buyer of Radiant Metal shares emerged after a steep fall in the price from more than 250p. It recovered 30 to 223p, in spite of going xd.

Speculators continue to move into Asda in anticipation of an overseas bid for the group. Turnover was a healthy 9.1m shares as the price shed just a couple of pence to end at 2061/p xd. Among food manufacturers a shortage of stock helped Ranks Hovis Macdoug-all close a penny firmer at 454p while profit-taking knocked 7 off United Biscuits, which closed at 382p on turnover of 5.3m shares.

Friday's agency cross of 2.6m Yale and Valor shares turned out to have been the transfer of Ingersoll Rand's stake to Williams Holdings. Yale and Valor jumped 26 to 364p while Williams slipped 14 to 271p. Caparo Group announced a tender offer for its 29.5% hold-

ing in Armstrong Equipment

at a minimum price of 185p per share. One dealer mentioned JH Fenner, off 2 at 177p, as a possible buyer of the stake, but Armstrong's easing of 6 to 175p, was interpreted by one dealer as meaning the market thought a single buyer would not be found.

after securing a gross profit of £7.5m on the £10m sale to a Dutch company of its 50% interest in a consortium company formedfor the purchase of residential property portfolio in France.

into a penny gain at 272p after revealing that is was to spend 750,000 on buying pharmacies. "They are concentrating more

imposing UK tax on a Jersey

Woolworth plc (FT, June 13)

The taxpayer was a UK resident and carried on business through a chain of retail shops.

It borrowed large amounts of Swiss francs and as a result of

a fall in the value of sterling to

Swiss francs, it incurred an

exchange loss of £11.4m. Woolworth claimed that its loss was

deductible, as revenue, from its retail trade profits while the Crown submitted the loans

were capital transactions (see Income and Corporation Taxes

Act 1970 section 130(f)). Finding for the Crown, the House of

Lords stated that a loan was

only a revenue transaction if it was part of the ordinary

day-to-day incidence of carry-ing on the business. It could

not be regarded as an ordinary

incident of marketing unless, as the authorities showed, it was temporary and fluctuating

and was incurred in meeting

Meadows Indemnity Co Ltd

v Insurance Corporation

of Ireland plc and International and Commercial Bank plc

(FT, June 14)

Sara D

(FT, June 16)

sugar when they failed to open

a countertrade performance bond guarantee within the

ordinary running expenses.

on the retail side." which involves retailing in such term. Smith & Nephew, steady at 144p continued Friday's firmness based on reratings against Reckitt and Colman and London International, now deemed by analysts to be lower quality

25 per cent premium.

Analysts said investors were

attracted to YRN, which runs

FINANCIAL TIMES STOCK INDICES

1962.3

12.54

33.020 1132.28 32,905 418.1

3 p.m. 2322.1

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TRADING VOLUME IN MAJOR STOCKS

10.36

23,380 622,47 24,593 295,9

Day's Low 1937.8

Day's Low 2314.4

1972.0

197.9

12.57

29,632 1123,20 30,755 454.7

2 p.m. 2323.7

197.2

9.65 12.49

32,477 1315.11 33,238 523.5

Day's High 1951.2

Day's High 2327.5

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

1 p.m. 2322.8

200.7

4.01 9.81 12.55

36,833 1160.63 37,297 486.9

Benlox firmed a penny to 58p Yorkshire Radio Network made what one trader called a "fantastic" debut on the unlisted securities market as investors rushed to buy the stock in hectic early trading. Placed at 200p, YRN opened at 255p best bid, peaked at 260p before settling back to close at a mid price of 248p and a near

Sack 500's 7 mines (500's 7 m

Macarthy reversed a loss of 3

three radio stations in Yorkshire and Humberside, and a broadcasting service in Singapore, because the independent radio sector is entering what should be a period of rapid expansion. Takeover speculation will also have underpin-ned the price; the industry is in a state of pre-deregulation restructuring at the moment, and the trend appears to favour large groupings of radio

Tarroas
Tate & Lyle
Taylor Woodrow
Tisco
THORNE EMI

■ Other market statistics. including FT-Actuaries Traded Options, Page 21

stations, rather than small

independents.

Hanson resist decline

Hanson was one of the few stocks to resist the market's sharp fall. Two factors helped the price: higher than expected third quarter profits, and the sale, by newly acquired Consol-idated Gold Fields, of a 30 per cent shareholding in Gold Fields of South Africa. The 2368m South African

deal was "not a lot of money, but a good price," said Mr Rob-ert Morton of BZW, "and the ink had barely dried on the Gold Fields takeover documents." Other analysts agreed that the deal was a good one. Mr Andrew Mitchell, of Smith New Court, pointed out that the valuation placed on this relatively small portion of Gold Fields confirmed break-up val-

uations of the company. The third quarter figures helped sentiment, and Hanson's price popped up 2 on the announcement. The shares hung on to their gain until the last hour of trade when they slipped back to close unchanged overall on good turnover of 5.9m shares. The stock was also the most active in the traded options market, with contracts for the equivalent of 1.7m shares concluded.

Brewer speculation

Scottish & Newcastle again outperformed as the market continues to speculate over what has happened, if any-thing, to the large stake held by Australian brewer Elders IXL. After reaching a low of 398p, S&N recovered sharply in a busy afternoon trade to end 8 2.4m shares.

Ever since Elders' £1.6bn bid for S&N was referred to the Mergers and Monopolies Com-mission in March the Australian brewer has been under orders: to before its 23.6 per cent holding by at least half before March next year. It is widely believed that Eders has been looking for a buyer of part or all of its stake for some time, and the market has been speculating as to who might be willing to purchase the holding and make a full bid for S&N. So far the names of Anheu-ser Busch of the US, Carlsberg Netherlands and Lowenbrau of West Germany were men-tioned, with Lowenbrau the current favourite among specu-lators. One story that caught hold after lunch was that Lowenbräu would launch a full bid worth 610o a share during this

BAT industries shares had a roller coaster ride. Business

was initially conducted at a sedate pace but the market's equanimity was suddenly dis-turbed after lunch by the report of a sizeable agency cross in New York at a price which confused London traders. They immediately scram-bled to stay off the bid and BAT shares dropped quickly to stand 50 down on balance. Some while later the price and the size of the US deal was

restored calm to the London market, provoking calls for an stances responsible for the error. BAT shares eventually returned to 807p to show a loss of 29 on the day. A total of 2.8m shares were traded during

Among clearing banks Nat-West were heavily traded after going ad, the shares closing a shade firmer at 329p on turnover of 7.2m. The rest of the clearers were also well supported, with Midland a shade lighter at 329p xd and Lloyds 4

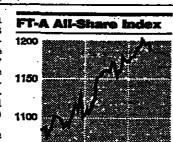
easier at 377p.

Barclays, which closed steady at 511p xd on turnover of 43m shares, were assisted by a recommendation from broker W I Carr. Mr Ian Shelley, the banks analyst, high-lights a number of positive features in Barclays: good underlying trends in the recent interim results, low Latin American exposure, costs under control, strong retail deposit growth, and a long-term strategy to strengthen UK business and develop global corporate bank-

Insurers were quietly traded, although renewed speculation surrounding Australian stakeholder AMP helped Pearl Assurance recover to 499p, down 6 on the day. General Accident were also slightly weeker as dealers look forward to the interim figures later this week. GenAcc ended 5 lower at 1055p, while Royal Insurance, also reporting half-year earnings data soon, closed steady at 438p. County NatWest Wood-Mac, the broker, forecasts interim profits of £131m for GenAcc and £93m for Royal.

steady at 576p and buoyed by a recommendation from US secu-rities house Shearson Lehman Hutton.

RMC led the downturn in the building materials sector, clos-ing 16 lower at 756p, while Red-land shed 11 to 577p and Tilbbury lost 12 to 648p. stock. Dealers found no evi-



was underlined by reports last weekend of staff cutbacks at

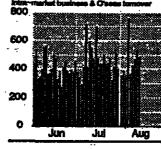
major retailers. Wall Street's

setback at the close of Friday's

session broadened London's

Equity Shares Traded Turnover by volume (million)

1050



Housebuilders also came under presure with George Wimpey ending 8 off at 260p and Ward Holdings 15 down at 330p.

Contrasting views on waste disposal companies in the wake of the polychlorinated biphenyls (PCBs) controversy triggered renewed support of Rechem Environmental Services. After Friday's weakness, the shares rebounded 13 to 668p but those of Caird slipped

had the inevitable effect on stores as all leading stocks closed markedly lower. Kingfisher fell 9 to 344p, Marks & Spencer 4½ to 209½p, Burton 7 to 241p and Boots 4 to 292p, the latter having acquired a fur-ther 7 per cent of Ward White, also down 4, at 442p. Boots sow has over 27 per cent of its tar-

get.
The only gain in the sector was posted by Body Shop, where the complete absence of sellers helped the price put on 13 to 424p. Dixons also performed creditably; buoyed by a recommendation from Morgan GenAcc and £93m for Royal.

Guinness held up well unchanged at 164p xd. In conagainst the trend, closing steady at 576p and buoyed by a retailer Lowndes Queensway retailer Lowndes Queensway. Stanley the shares closed were suspended at the start of trading at 22%p pending an announcement from the company of a refinancing package. Yesterday was the first day that US leveraged buyout specialist KKR could bid for BTR

entil Devois (7) CHEMICALS (1) STORES (8) ELECTRICALS (14) SEDUSTRIALS (21) BLP, Betscom, Bodycote inft., Brit., Bloodstock, C'mberl & Armstrong, Copymore, Deuphin Pack, G.C., Flooring & Furnishing, Halma, Holders Tech., Mainmet, Ostwood, Optical & Med. Inft., Millimet, Ostwood, Optical & Med. Inft., Si Grp., Savage, Sont Robertson, Stag Furnishre, Stainfees Metalcraft, Sterling Inda., West Inds., Young (11), BESTINANCE (2) LERGINE (3) MOTORS (3) PAPERS (3) PROPERTY (6) SOUTH AFRICALS (1)

at BZW. However he adds that the 21 further to 542p.

The latest retail sales figures outlook for non-telecom activities is somewhat lacklustre, because of start-up losses. A strong balance sheet should provided Racal with flexibility for its stated acquisition policy and that situation should be

helped by further disposals. Cable & Wireless dipped 10 to 565p, largely in line with the market, according to the sector specialists. Valuations of Hong Kong Telegraph are still criti-cal to the C&W share price, according to the analysts team at Warburg securities. The political situation in China, comment the Warburg team, is becoming clearer and an ele-ment of stability is energing that will allow investors to take a more measured view of

Plessey, unchanged at 266p were sustained against the market trend by the cash value of 270p set by GEC, which shed

only 1 to 276p.

Among otherwise resilient olls, Enterprise slipped 13 to 585p. Analysts at Citicorp Scrimgeour Vickers put out a sell note on the company before the weekend, giving three reasons for their recommendation. They are convinced the company will lose out in the legal wrangle over rights to North Sea Assets recently acquired from Texas Eastern. They believe that the 25 per cent stakes held by ICI and Elf are not long-term investments, and are concerned that drilling

FT LAW REPORTS

Digest of cases reported in the Trinity Term

FROM JUNE 7 TO JUNE 23

Regina v Southwark Crown Court, ex parte Customs and Excise: Regina v Southwark Crown Court,

ex parte A
(FT, June 7)
The Customs and Excise sought to quash conditions imposed on an order for pro-duction of documents seized under section 27 of the Drug Trafficking Offences Act 1986. The judge had only been willing to make the order if the commissioners gave an under-taking that they would neither remove copies without leave of the court nor show them to any foreign law enforcement agency without leave. Holding that the imposition of those conditions robbed the order of most of its usefulness, the Court of Appeal stated that the customs officer was entitled to keep the produced material as against the owner or possessor and would be entitled to make the information in the material available by sending copies to the foreign agency without parting with the originals. In order to send originals over-seas, however, a further order

P<mark>admore v Inland</mark> Revenue

would be necessary.

Commissioners
(FT. June 9)
The taxpayer, a UK resident, claimed relief from income tax In this case the reinsurer on his share of the profits of a sought to obtain a declaratory partnership whose business had always been carried on in judgment that the original Jersey. Under the UK/Jersey Double Taxation Arrangement insurance contract - proceed-ings over which had begun in Northern Ireland - was invalid. The insured contended 1952, the profits of a Jersey enterprise were not subject to UK tax. Dismissing the appeal that except in very limited circumstances, a declaration could not be made at the suit of a person who was not a by the Crown against a first instance decision in the tax-payer's favour, the Court of Appeal stated that it was party to the impugned conhighly improbable that so comtract. Accepting that submismon a vehicle for commercial sion and striking out the writ activity as a partnership should have been intended to be excluded from an arrangefor a declaratory action, the Court of Appeal stated that its jurisdiction was confined to declaring legal rights, subsistment which dealt with the taxation of profits of a commercial ing or in the future, of the parenterprise and was not ties to the litigation before it restricted to companies. More-over the Article was expressed and not those of anyone else. in wide language. It relieved from UK tax all the profits of a Jersey enterprise and the part-nership was not an entity dis-The sellers of a cargo of sugar were held to have repudiated the contract of sale for the tinct from the partners. More-

over, there were no words

which excluded the individual

partner's share of the profits

from the exemption against time specified in the contract. Re Cavalier Insurance Co Ltd Allowing the sellers' appeal and restoring an arbitral award in their favour because of the buyers' failure to open a letter of credit, a failure which the arbitrators had regarded as a wrongful repudiation of the contract, the Court of Appeal stated that giving due weight to the fact that the counter-trade PBG obligation was a time clause, everything nevertheless pointed away from the conclusion that the obligation was to be classified as a condition of the contract. It was not a condition precedent to any-thing under the express terms of the contract, and there was no reason for concluding that it had that character by impli-cation. It did not relate to the main and immediate transaction, but to another one which not to be performed for a fur-ther six months and which was also relatively unimportant in terms of money vis-à-vis the

> Regina v Inland Revenue Commissioners, ex parte TC Coombs & Co (FT, June 20)

The appellant stockbrokers sought an order to quash a notice of the Inland Revenue, given under section 20(3) of the Taxes Management Act 1970, to deliver client account files for the purposes of an enquiry into the tax liability of a former employee. Allowing the appeal and quashing the notice with regard to six files in dispute, the Court of Appeal stated that the Crown had declined to give any evidence as to the basis on which it was contended that Coombs was subject to section 20(3) and unless the court had access to the evidence, it could not carry out its function to see whether any inspector could reasonably have formed the required opinion that he was justified in proceeding under section 20. In the case of a pending prosecution and conflicting evidence of fact, the Crown might temporarily be prevented from giving its rea-sons in the public interest in the administration of justice but those factors did not apply to the present case while the public interest in the protec-tion of the public from unjustified disclosure of information

was applicable.

(FT, June 21) Cavalier provided extended warranty insurance on electrical appliances on existing and new policies marketed by Mul-ti-Guarantee, receiving over £1m in premium income from Multi-Guarantee. Both companies were wound up. In answering the issues raised by the liquidator of Cavalier, the Court held (i) that Cavalier was not authorised under the Insurance Companies (Classes of Business) Regulations 1974 to write extended warranty policies and (ii) notwithstanding that it was not so authorised, the insured could recover the premiums paid as they had no reason to suspect that they were being asked to enter into a void contract and were not personally involved in any offence or moral turpitude.

Barclays Bank plc v Taylor;

Trustee Savings Bank of
Wales and Border Counties
v Taylor
(FT, June 23)
Mr and Mrs Taylor counterclaimed against the banks for failure to inform them that the police had applied to court for orders authorising inspection of their accounts and for the banks' failure to oppose the making of the orders. The basis of the alleged claim was breach of duty of confidentiality which the banks owed to them as their customers. The counter claims were struck out at first instance as disclosing no cause of action and the Tay-lors appealed. Dismissing the appeal, the Court of Appeal stated that in the present case the banks made disclosure under compulsion of law, in compliance with orders made by a circuit judge under sec-tion 9 of and Schedule 1 to the Police and Criminal Evidence Act 1984. It followed that there was no breach of the bank's obligation of confidence. There was a public interest in assisting the police in the investigation of crime, and there was no basis for an implied obligation to act in a way which could hinder such inquiries.

Aviva Golden

This digest of Trinity Term cases will continue tomorrow and on Friday.

HELW HIGHS (FI). BRITISH FUNOS (S) AMERICANS (16) CAMADMANS (S) BANKE (S) BREWERS (I) SUM_DINGS (I) STORES (S) ELECTRICALS (10) BROUSTRALS (12) ADDRIVOTES. Alexabotrs W'EVER', Alfe-Lavel AB 'B', Apolio Metals, G.H. Prps., STR WITHEL. BOSOD Pel. "A', CSR, Hanson, Pacific Dundop, Rote & Nolan, Uniterer NV. MEWERAPERS (2) PAPERS (I) PROPERTY (I) TRUSTS (19) OLLS (2) AMMES (8) THRED MANUET (I). MEW LOWG (72). **APPOINTMENTS**

NEW HIGHS AND LOWS FOR 1989

Lucas senior posts aerospace. He succeeds Dr Alan Watkins who recently left Lucas to become managing director and chief executive of



LUCAS INDUSTRIES has appointed Mr. L. Anthony Edwards as managing director

■ Mr Peter B. Readings, chairman of the SENSITISERS GROUP companies, has retired

and been appointed president

He is succeeded by Mr Jack

Hale becomes group financial director, and Mr Clive A.

Blockley director of marketing

of Sensitisers International

A. Stevens, Mr Nicholas J.

SYNAPSE COMPUTER

SERVICES has appointed Mr

Robert Colclough as technical

support director. He was with Cullingt.

INDEPENDENT

and chief operating officer of Lucas Aerospace Inc, Reston, TELEVISION NEWS has appointed Mr Barry Vienet as financial controller. He was head of financial accounts,

Hawker Siddeley. Mr Edwards was president of the Canadair Aerospace Group, part of Bom-

herospace Group, part of Boli-bardier Inc. Previously he held various production and general management posts with Gen-eral Electric (USA) and Moto-rola Inc, after an apprentice-ship and engineering

appointments at Rolls Royce. He joins Lucas on September 4. Lucas has appointed Mr

Denis Magee as president of Lucas industries inc. its North American holding company. He succeeds Mr E.B. Wootten who is retiring. Mr Magee

retains his post as president

GRESHAM FINANCIAL PUBLIC RELATIONS, a Shandwick subsdiary, has appointed Mr Tim Thompson as managing director, and Ms Anne Gilding as a director.

Mr Jeremy Hutton has been appointed sales and marketing director, journals division, BPCC. He was with Norton Opax as managing director, McCorquodale Confidential



been appointed managing director of GREENHILL CHEMICAL PRODUCTS, part of Yale Catto Group.

Mr Colin Watson has been appointed marketing director of ARENSON INTERNATIONAL.

m Mr Jo Welman has been appointed managing director of Rea Brothers (investment Management), and joined the board of REA BROTHERS. Mr Michael Reeder becomes a director of the investment management company. Both were with Barings Investment

■ From September 30 Mr David Skinner becomes executive chairman, and Mr Michael Kennedy and Mr Joe Scott Plummer are appointed joint managing directors of MARTIN CURRIB, Edinburgh.



Mr Barry Stewart and Mr

Robin Young retire on the same date. Mr Tim Hall and

Mr Michael Thomas will join the board of Martin Currie

appointed managing director of HIGHCROSS.

NATIONAL & PROVINCIAL





FINANCIAL SERVICES has appointed Mr Philip Holroyd (above) as deputy director insurance and investments. He was insurance business man-

FT UNIT TRUST INFORMATION SERVICE

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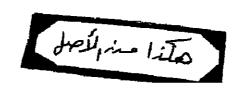
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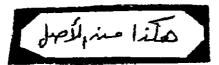
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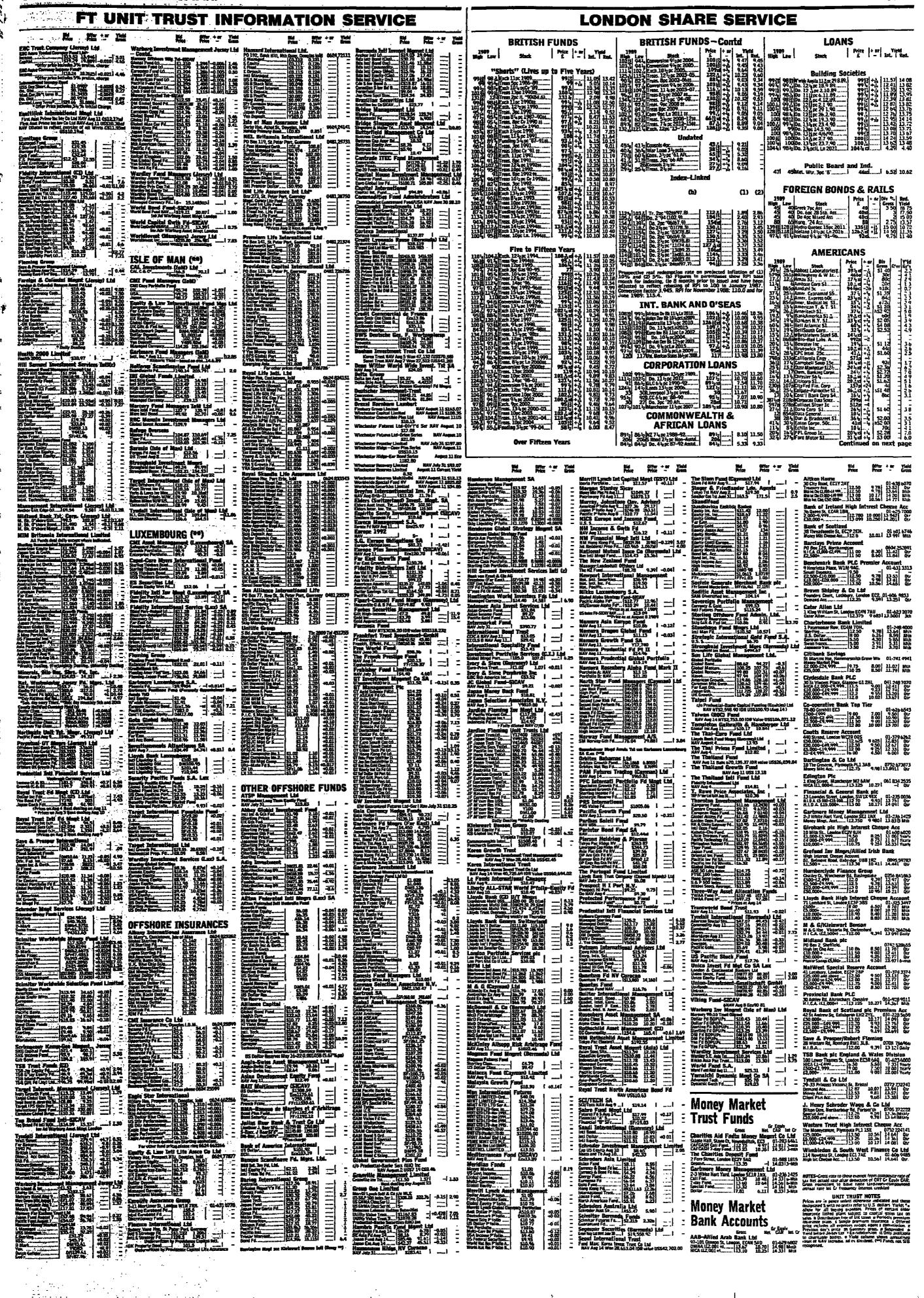
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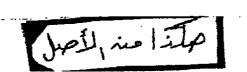
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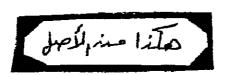
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224Angle Grp. 10p al 449-29 5.0 3.8 1.5 19.1 c152Dc 91:pc 1999 ... y £155-12 0912 a. -61.3 a. 7 240CLF Yeoman 50p ... y 275-5 \$40Clf 3.4 3.7 8.7 514Clf 21 10p ... y 28 15 17 77 19.99 55Clatte: 1465cl 10p. y 71-31 3.25 2.3 6.110 0.24Equity & Gen 5p. ... y 28 15 17 7.1 9.99 312Prov Financial & 325-1 8.0 2.1 7.4 8.8 100946elle ince 155 a. 21.5 1.0 25 **, 0.5 * 14eSecure Finat Grp. y 233-2 W7.09 1.5 4.1 11.8 127Woodchester IR20p. y 184-3 0116 a. 2.1 0.0 2.2 **DRAPERY AND STORES** 173 -3 12.5 2.6 1.9 20.8 1.9 20.8 1.9 20.8 1.9 20.8 1.9 20.8 1.9 20.8 1.0 27.1 1.0 2 BEERS, WINES & SPIRITS

5381, 427/Airled-Lyons ... of 12.51 | **BEERS, WINES & SPIRITS BUILDING, TIMBER, ROADS**





TRIMOUNT TRIMOU	ADVERTISING - Contal 1989
REVISARES, DUBLISHERS PARTY TIES PARTY T	

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar mixed as pound falls

THE DOLLAR showed small mixed changes and the pound lost a little ground yesterday. Nervousness about intervention by central banks limited any attempt to push the dollar higher, and as far as yesterday's trading was concerned set an upward limit of DM1.9450 against the D-Mark. It failed to breach this resistance level, and fell back to close at DM1.9385, unchanged from Friday.

There were no new factors, but sentiment remained good after last Friday's figures on US retail sales and produce prices. These pointed to a soft landing and eased fears that the economy is moving into

Dealers noted a reluctance to buy the dollar and a lack of follow through on Friday's strength. There was no important US economic news and virtually no reaction to figures showing a rise of 0.4 per cent in June US business invento-ries, against a revised gain of 0.9 per cent in May. Attention is now focused on Thursday's US trade figures for June and US consumer prices for July on

Friday.
In Tokyo the Bank of Japan sold a small amount of dollars, estimated at less than \$100m. This followed co-ordinated intervention by the Federal

2 IN NEW YORK

Latest

Aug 14

Previou Close

2 months								
Forward premiu	Forward premiums and discounts apply to the US dolfar							
STERLING INDEX								

CURRENCY RATES

Aug.14 rate Drawing Correction 1 Correction 1 Correction 2 Correction				
U S Deltar 7 1.2-0666 1.0-0459 1.2-5794 Apstriam Sch. 5 17.07119 14.6074 Beigham Franc 7.75 50.9023 43.4360 Danish Krone 94, 94.1839 3.06-170 Desiste Mark 1.5.00 2.4-3370 2.0-7554 Meth Gulider 6.00 2.7-5004 2.3-015 French Franc 94; 82.1824 7.01330 1.1413m.11-m 13½ 1.2-2.1829 1.794, 94 1493.41 1.2-2.1829 1.754, 94 1493.41 1.754 94 151.775 80-1829 1.754 94 151.775 80-1829 1.754 94 151.775 80-1829 1.754 94 151.791 1.7995 5.500 1.754 95 151.791 1.7995 5.500 1.754 95 151.791 1.7995 5.500 1.754 95 151.791 1.7995 1.754 95 151.791 1.7995 1.794 95 151.791 1.7995 1.794 95 151.791 1.7995 1.794 95 151.791 1.7995 1.794 95 1794	Аид.14	rate	Drawing	Corrency
a Familia as and in terms of CBS and FCH are C	U S Dollar Camadian S Austrian Sch Beigian Franc Danish Krone Denische Mark Neth Gullder French Franc Italian Lira Japanes Yen Norway Krone Spanes Peseta Spanes Peseta Swedish krona Swiss Franc Greek Drach Greek Drach	5.775 91 ₂ 5.000 6.00 91 ₂ 13.1 ₂ 5.5 20.1 ₂	1.26066 1.48153 17.0719 50.9023 9.41839 9.41839 2.43370 2.74004 8.21824 1749,49 176,492 8.66622 151,791 8.22644 2.09204 0.90331	1.0-059 1.25784 14.6074 43.4360 8.067554 2.3-2015 7.01384 1.51.775 7.57493 1.29495 7.03897 1.793889 0.777374

CURRENCY MOVEMENTS

Aug.14	Bank of England Index	Morgan** Guaranty Changes %				
Sterling	91.5	-19.6				
U.S. Dollar	71.1	-71				
Canadian Dollar	105 1	+1.7				
Austrian Schilling	106.4	+94				
Belgian Franc	1058	-t2				
Danish Krone	103.2	-1.6				
Deutsche Mark	1125	+20.2				
Sens Franc	106.8	+161				
Guilder	1100	-iš i				
French Franc	993	-154				
Ura	995	-187				
Yen	130 7	+697				
Morgan Guaranty changes: average 1980- 1982 - IGN Rank of Fooland Index (Rare Approx						

1985 - 1001"Rates are for Aug 11 .

Apg 14	٤	5
Argentina	1030 90 - 1039 50	650 00 - 655 0
Australia	2 0830 - 2 0855	1 3145 - 1 315
Brazil	3 6025 - 3 6210	2 2720 - 2 283
Finland	50,45.6045	4.3570 - 4.369
Greece .	263 10 - 267 60	165 85 - 168 5
Hong Long	12:3515 - 12:3540	78050-7807
Iria	116 50°	72.70*
kerea(SUN)	1057 35 - 1065 85	665 00 - 671 0
Kumali	0 17250 0 17450	0.2765 - 0.293
Luncimbourg	64 25 64 35	40 55 - 40 65
Malavia .	4 2290 - 4 2395	26750 - 2677
Mexico	4027 95 4039 40	2540 00 - 2545
N Tealand	6935 - 26995	1 6985 - 1 701
Sauci	5 95 95 5 9640	3 7500 - 3 751
Singapore	3 0955 - 3 1010	19565 - 1958
5 Af (Cm)	4 3175 - 4 3285	2 7305 - 2 732
S AftiFpt	6 -535 6 5880	4 0915 - 4 166
T3 = 37	40 50 - 40 60	2560-2565
UAE	5 93-15 - 5 8400	36,20 3673

banks on Friday.

In terms of other major currencies the dollar fell to Y141.60 from Y141.90 and to FFr6.5475 from FFr6.5500, but rose to SFr1.6755 from SFr1.6720. According to Bank of England figures the dollar's index rose to 71.1 from 70.9.

Sterling failed to hold on to gains prompted by news that UK retail sales fell 0.6 per cent in July, compared with a decline of 2.3 per cent in June, even though this confirmed a

slowdown in growth.

The other main economic news concerned UK producer prices. Output prices rose an unchanged 0.3 per cent, in line with market forecasts, but input prices fell 0.9 per cent against expectations of a 0.3 per cent decline and a revised fall of 0.2 per cent in June. Initial reaction that this was good for sterling was under-mined by fears that lower

Reserve and European central banks on Friday. wholesale inflation will weaken the resolve of employers to withstand the pressure on wage demands.

> Figures on UK average earnings will be published on Thursday. These are expected to show an underlying rise of 9.50 per cent in June from 9.25 per cent, but City economists are likely to question whether even this increase will indicate the true picture. It has been suggested that a lag in weightings between the service and manufacturing sector is giving an artificial picture and that the true rise should be at least

> 10 per cent. In quiet trading yesterday the pound fell 15 points to \$1.5840. It also declined to DM3.0700 from DM3.0725; to Y224.25 from Y225.00; and to FFr10.3700 from FFr10.3850, but rose to SFr2.6550 form SFr2.6500. Sterling's index rose

		an Curi			 -
1	Ecu central rates	Corrency amounts against Écu Aug 14	% change from central rate	% charge adjusted for dirergence	Divergence l'imit. %
Beigian Franc	42 4582 7.85212 2.05953 6 90403 2.31943 0.768411 1483 58 133.804	43 4360 8 66470 2 07554 7 01330 2 34015 0 7777374 1493 41 129 955	+2.30 +2.71 +0.63 +1.58 -0.89 +1.17 +0.66 -2.88	+1.06 +1.47 -9.41 +0.34 -0.35 -0.07 0.00	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0819

POU	ND SPOT	FORWAR	D AGAII	YST '	THE POU	ND
Aug 14	Day's sproad	Clase	Cae month	ba.	Tipree prontits	β.Σ. %
US	1.5800 - 1.5910 1.8805 - 1.8670 3.45\6 - 3.47\6 - 405 - 64.55 11.91 - 11.97 11.495 - 1.150 3.06\6 - 3.08\6 - 257.45 12.56 - 257.45 11.74 - 11.75 10.35\6 - 10.45 10.45 - 10.45 223\6 - 225\6 - 225 223\6 - 225	1.5835 1.5845 1.8650 1.8660 3.454, 3.464, 64.25-64.35 11.935-11.945, 11.935-11.945, 11.936-11.945, 11.936-11.945, 11.94, 11.204, 10.3612-10.3712, 10.3612-10.3712, 21.34, 2244, 21.34, 2244, 21.54, 21.62, 2.65-2.66	0.69-0.67-pm 0.35-0.27-pm 23-13-pm 32-28-pm 52-43-presm 0.45-0.40-pm 21-3-pm 31-24-pm 31-24-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm 13-13-pm	51990 5690 44330 94315 94315 42305 7466	1.88-1.83cm 0.78-0.64cm 51-54.cm 87-84cm 131-12-12-13-15 54-13-15 54-13-15 12-11-13-15 12-11-13-15 35-13-15 44-45.cm 35-13-16 48-45.cm 48-45.cm	6.35 5.19
Commercial r	ates taken cowards t	be end of London tra				

BULL	AR SPOT	PUNWAF	D AGAIN			
Aug 14	Day's spread	Close	One month	% pa.	Three months	9 <u>4</u>
K7	1.5800 - 1.5910	1.5835 - 1.5845	0.69-0.67cpm	5.15	1.88-1.83pm	46
elandt	1.3730 - 1.3795	1.3760 - 1.3770	0.11-0.06cpm	0.73	0.40-0.30pm	1.0
19352	1 1735 - 1 1785	1.1775 - 1.1785	0.30-0.33cds	-3.21	0.92-0 97ds	-32
etherlands .	2.1805 - 2.1925 40.40 - 40.70	2.1855 - 2.1865 40.55 - 40.65	0.33-0.31cpm 2.70-1.20cpm	176	0.87-0.83pm	1.
elgum enmark	7.51 4 - 7.55	7 533 - 7.54	par-0.25oredis	0.15 -0.20	6.00-3.50pm 0.55-0.95dls	0.
Germany	1.9335 - 1.9445	1,9380 1,9390	0.35-0.32mm	207	0.89-0.850s	1
riugal	161.70 - 162.05	161.95 - 162.05	60-75cds	-5.01	225-265ds	-6
96	121 08 - 121 60	121.35 121.45	52-62cris	5.64	160-17065	- 3
ly		139315 - 1394	4.00-4.50lireds		11.80-12.506s	-ĩ.
rway		7.07 - 7.0712	LOS-L3Goredis	-199	3.95-4.25ds	ž
ance	6.53 4 - 6.57	6.5412 - 6.55	0.07-0.12mls	-0.17	0.25-0.40dis	-0:
स्वेजा	6.564 - 6.584		1.52-1.67 gred is	-291	4.60-4 85dis	-2
pan	141 45 - 142 20	141.55 - 141.65	C 49-0.47com	4.06	1.26-1.23mg	3.
stria	13.61 4 - 13.68		2.40-1.90groom	1.89	6.00-4.50cm	1
itzerland .	1.6705 - 1.6825	1.6750 - 1.6760	0.27-0.24000	183	0.68-0.65cm	ī
U	10695-10710	1.0700 - 1.0710	0.02-0.03000	0.17	0.08-0.0tem	0.
mmwelal e	ates taken towards ti	w and of London test	ing tilk and bula	nd 200 m	med in IIS common	_

E	EURO-CURRENCY INTEREST RATES								
Aug.14	Short. term	7 Days notice	Cae Month	Three Morths	- Six Months	Cose Year			
iterling S Bollar Jan, Dollar	13.2 9.2.1.2.7.7.4.6 9.1.2.7.7.7.6.9 12-1.7.7.6.9 9.1.9.9.5.6.9 8.1.5.6.9 9.1.	134-135 9-87 12-114 7-12-7 7-65 9-9 135-125 82-85 82-85 93-95 93-95 93-95 93-95 93-95 93-95 93-95 93-95 93-95 93-95	18 11 - 18 - 18 - 18 - 18 - 18 - 18 - 1	1811-7-81-85-8-8-8-8-8-8-8-8-8-8-8-8-8-8-8-8-8	1817.7 % 1885.64 1817.7 % 1885.64 1817.7 % 1885.66	13-2-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1			
Long term Eurod	oliars' two years	814-854 per ce	nt; three years 8	H-8H per cent:	four years 8%-6	per cent; fine			

Aug.14	٤	S	DM	Yea	F Fr.	S Fr.	H Fl.	Lira	C S	B Fr
Ē	1	1.584	3.070	224.3	10.37	2.655	3.463	2208	1.866	64.3
	0 631	1	1.938	141.6	6.547	1.676	2.186	1394	1.178	40.5
DM	0 326	0 516	1	73 06	3.378	0.865	1.128	719 2	0.608	20.9
YEN	4 458	7.062	13.69	1000.	46.23	11.84	15 44	9844	8.319	286.7
F Fr	0 964	1.527	2.960	2163	10	2.560	3.339	2129	1.799	62.00
S Fr.	0 377	0.547	1.156	6448	3.906	1	1.304	831.6	0.703	24 Z
н Fl.	0 289	0 457	0 887	64.77	2.995	8.767	1	637.6	0.539	18.5
Џга	0 453	0 717	1 350	101.6	4.697	1.202	1.568	1000.	0.845	29.1
C S B Fr.	0 536 1 555	0849	1 645	120.2 348.8	5.557 16.13	1.423	1.856 5.386	1183 3434	1 2 902	34 44 100.

FINANCIAL FUTURES

Short sterling again higher

finished unchanged from open-ing levels but sharply down

from the close on Friday. The

softer tone from the end of last

week reflected disappointment

after higher than expected US retail sales in July. Euro-dollar

futures were also weaker as

LIFFE US TREASURY BOND FUTURES OFTE \$100,000 64ths of 100%

CHICAGO

Sep Dec Mar

underpinned by signs that UK economic growth is continuing to slow down. The fall in July provisional retail sales marked only the third time in eight years that the figure has recorded a fall for successive

230,000	HIE DIT	19 7e		
St/file Price 93 94 95 96 97 98	Calls - R Sep 3-55 1-60 1-63 0-08 0-02	Dec 4-10 3-21 2-36 1-59 1-27 0-62 0-42	Pits 9 0-00 0-01 0-04 0-11 0-34 1-16 2-10	tilements Dec 0-13 0-29 0-44 1-03 1-35 2-06 2-50
LIFFE CI	woisene to lay's open l S OPTERMS Legals per .	at. Calls 18	1461 Puts 562 Puts 5	779 30406
Strike Price 140 145 150 155 160 165 170	Calls-se Sep 18.15 13.15 8.15 4.12 1.66 0.51 0.12	8.15 4.72 2.41 1.06 0.40	Puts-95 Sep 0.D1 0.08 0.46 1.68 4.24 8.07 12.68	119 2.83 5.52 9.17
Estimated President d	rolame to	stal. Calls er Calls 19	O Puts O	

LONDON (LIFFE)

Sep Dec	Close 90-28 96-28	High 97-04 97-03	96-23 96-24		
Estimate Previous	i volume 113 day's open in	27 (13566 1. 31236 () 30822) 		
7-18 YEAR 9% NOTERNAL GILT £50,860 32mb of 100%					
ı —	Close	Hilah	Loss		

Sep Dec
Est/mated volume 0 (0) Previous day's open bit. 0 (0)
US TREASURY BONDS 8% \$180,080 32ns of 190%

Mar	90-30
Estimate Previous	d volume 4004 (8063) day's open int. 7399 (7429)
۱ 	

Sep Dec	Close 106.17 105.77	High 106.23 105.83	Low 106.14 105.76
Estimati	d volume 32	7 (465)	2011

Mar	87.86	87.94	87 86 .	87.
Jun	88.41	88.45	88 42 .	88.
Est. Vol.	(Test, figs. og	t shown) 1	9109 (4147	72)
Previous	Say's open in	L 97422 (9 7349)	
	HONTR EURO Es et 190%	OCILLAR		
Sep Dec Mar Jas	91.29 91.50 91.73 91.66	High 91.33 91.63 91.86 91.78	91.26 91.48 91.78 91.65	91 91 92 92
Est. Vol.	Cinc. figs. no	t shown) 9	039 (1143 <u>1</u>	ט
Previous	lay's open in	L 51236 (50801)	

_	Previous	say's open in	L 13421 O	3659)			
r. 	FT-SE 190 DIDEX \$25 ptr fall ladex pakel						
99 144	Sep Dec	Close 2338.0 2380.0	High 2539.0 2374.0	2310 0 2367.0			
<i>.</i> 7		volame 313 lay's open im		19546)			
2	POUMB-S	(FOREIGN E	XCHANGE				
57 12	Spot. 1.5840	1-mth 1.5777		6-mth. 1.5483	1		
_	DIM-STE	RLDHG Se per	£		_		

MONEY MARKETS

UK rates lower

INTEREST RATES were a little lower in London yester-day as the market took comfort from a fall in July retail sales and a slightly stronger perfor-mance by the pound. While three-month interbank money was unchanged at 1312-131, per cent, the one year rate slipped to 131, 131, per cent from 133,

Despite the softer tone, there remains little chance in the market's view of a cut in bank base rates this year. Overnight

UK clearing bank base leeding rata

14 per cent from May 24

interbank money touched 13% per cent at one point but came back to a low of around 11 per

The Bank of England forecast a flat position. Factors affecting the market included bills maturing in official hands and a take-up of Treasury bills. together with repayment of any late assistance draining £935m. These were offset by a fall in the note circulation of £555m and Exchequer transactions which added £370m. In addition, banks brought forward balances £10m above tar-

get.
The Bank revised its forecast to a surplus of around £100m but gave no assistance in the morning. In the afternoon, it sold £84m of Treasury bills at

12¼-12½ per cent, maturing on August 15. In Frankfurt, the West German Bundesbank announced a two-tranche sale and repurchase agreement of 35 and 63day maturities, both with no fixed minimum bid. Successful applicants will receive their allocations tomorrow, coinciding with maturing agreements which will drain DM24bn from the market. The terms of the latest facility were announced a day earlier than usual because of the closure today of some parts of West Germany

for a religious holiday.

Short-term interest rates were little affected by the news; call money was quoted at 6.80-6.85 per cent compared with 6.75-6.85 on Friday. However, rates are expected to increase later this week as funds are drawn out of the sys-tem by August tax payments. In Amsterdam, the Dutch central bank left its money market intervention rate unchanged at 7.1 per cent when announcing a fresh sale and repurchase tender. The and repurchase tender. The new facility coincides with a maturing agreement which drains Fi 4.37on from the sys-

In New York, the US Federal Reserve did not intervene in money markets. Overnight Fed funds were quoted at 91 per cent compared with 9 on Fri-

FT LONDON INTERBANK FIXING C11.00 a.m. Aug.14) 3 months US dollars & months US Dallars ng caus are the arithmetic means rounded to the nearest one-stripenth, of the bid and offered caus for \$10pp for the market to free reference basis at 11.00 J.m. each working day. The basis are National Westminster Jank of Toryo, Deutsche Basis, Basiger National de Paris and Morsan Gazaropti Treas.

	R	NONE	/ RAT	E\$		
NEW YORK			Treasur	Bills and	Bonds	
Lunchtime		One mouth		8.24 Three	year	8. <u>17</u>
Prime rate Broker loan rate Fed funds Fed funds at intervention	. 10½ . 10 . 9	Two month Three month Six month One year Two year		8 26 Five y 8.11 Serrer 8 28 10-ye	Year Year Year	816 814 813
Aug.14	Overnight	One Month	Tero Morths	Three Months	Six Months	Lowbard Merrention
Franklyrt	6.80-6.96	6.80-6.95 9-91 ₈	6.80-6.95 9-94	6.80-6.95 9-91 ₈	6 80-6.95 84-9	7.00
Zurich	64.65	7.76	2-74	64-74	24.7	8.75
Amsterdam	7.12-7.25 54-58	722-7.27 5il-5il	:	720-727 53-54	:	1 :
Milan	125-126	125-134	-	124-134		:
Brusser's	41 ³ -81 ⁴ 8 00	93.9%	93-10	82-81 94-105	20-101	<u> </u>
1	OND	ON M	ONEY	RAT	. \$	
Aug 14	Overnig	ht 7 days	One Month	Three	Six	Gne Year

LONDON MONEY RATES						
Aug 14	Overnight	7 days notice	One Month	Three Months	Six Months	Qne Year
Interbank Offer Interbank Bid Sterling Cbs. Local Authority Deps. Local Authority Bonds. Discount Mirt Deps. Discount Mirt Deps. Company Deposits Finance House Bank Bills (Buy) Dollar Cbs. Cit Linked Dep Bid ECU Linked Dep Bid CCU Linked Dep Bid	13%	13½ 13½ 13½	11111111111111111111111111111111111111	See Section Control of the Control o	135, 55	134 134 134 134 135 884 895

86.87 at the opening and 86.90

SHORT STERLING futures ended on a slightly firmer note in yesterday's Liffe market.

months. Nevertheless, futures prices are still regarded as being expensive in relation to their cash equivalents. The most actively traded December contract closed at 86.93 up from

LIFFE LONG GILT FUTURES OFTONS

26-YEAR 9% NOTIONAL GILT 550,880,32ms of 188%

High 97-10

12-mth. 1.5200

23 25553267 3.50 3 4 12

TOTAL VOLUME IN CONTRACTS: 31,401

	79	%	,
BN Bank	14	Chydesdale Bank	Nat.Westrolaster
dam & Company	14	Comme Bir N. East	Northern Sank Ltd
AB - Allied Arab Bt	14	Co-operative Bank *14	Norwich Gen. Trust
Illied brists Bank	14	Courts & Co	PRIVAThankes Limited
		COURTS OF COLUMN 14	
lenry Anstacker	14	Cypros Popular Bk	Provincial Bank PLC
ssociates Cap Carp	14	Doothar Bask PLC 14	R. Raphael & Sons
uthority Bank	14	Duncan Laurie	Roxborghe G'rastee
& C Merchant Bank	14	Equatorial Bank plc 14	Royal Bk of Scotland
lack of Baroda	14	Exeter Trust Ltd 141 ₂	Royal Trust Bank
lanco Bilhao Vizcaya	14	Financial & Geo. Bank 14	● Smith & Willow Secs
ank Hapoalira	14	First National Bank Pfc. 15	Standard Chartered
lank Credit & Comm	14	© Robert Flending & Co 14	158
ank of Cypres	14		United 8k of Kowait
ank of Ireland	14	Girobank 14	Heited Mizzahi Bank
aark of India	14	● Guinness Mahon	Unity Trust Bank Pit
lank of Scotland	14	HFC Bank olc 14	Western Trast
laneme Beioe Ltd	14	● Hambrox Bank	Wastone Bank Corp
arclays Bank	14	Heritable & Gen by Bok 14	Whiteaway Laidlaw
enchonack Bank PLC	14	♦ Hill Samuel 514	Yorkshire Bank
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Ausiness Milge Tst	1412	Lioyds Bank 14	Banking & Securities Ho

Dake rate. § Derrapid

most actively traded December contract slipped to 91.50 from 91.58 at the start and 91.92 on

on Friday, discounting a cash equivalent of 13% per cent compared with a real cash rate of 13% per cent.

US Treasury bond futures West German Government bonds opened lower in line with a softer tone in US bonds. and continued to lose ground after the Bundesbank's inten-tion to hold a variable rather than a fixed rate money market sale and repurchase tender. There are fears that rates may be allowed to edge firmer to compensate for the D-Mark's

cash rates edged firmer in the recent weakness against the absence of any intervention by the US Federal Reserve. The LIFFE BUND FUTURES OPTI DB258,000 pelals of 190% Pats -Sep 0,00 0.03 0.10 0.32 0.69 1.16 1.56 1.51 1.01 0.75 0.54 0.37 0.26

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ak of Baroda	14	Exeter Trust Ltd	Royal Trust Bank
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FINANCIAL TIMES CONFERENCES

EUROPE AND THE NORDIC COUNTRIES Stockholm 9 & 10 October, 1989

The Nordic countries are having to adjust to developments in a European Community that is changing much faster than might have been believed possible only a year or two ago. The Single European Market will almost certainly not be completed by the end of 1992 but most of it will be in place. Of the Efta countries Austria has made its decision to seek Community membership. The Nordic Etta members have either to do the same or make sure that Elta-Community relations are developed in a way that does not leave their economies and businesses in the role of acceptors of decisions taken without any opportunity to influence what is decided.

At this important point for the Nordic countries the Financial Times has decided the time is ripe for a high level two day conference on Efta-Community relations. This will look at government-Community issues with papers by Kjell-Olof Feldt, Swedish Finance Minister; Kalevi Sorsa, Speaker of the Finnish Parliament; Jonas Gahr Store, Adviser to the Prime Minister of Norway and Thorsteinn Olafsson, Economic Adviser to the Prime Minister of Iceland, Denmark which is in both the EEC and the Nordic Group will be represented by Niels Helveg Petersen, Minister of Economic Affairs. The aims of business will be discussed by Paavo Rantanen of Nokia Corporation; Harald Norvik of Statoll; Anders Ljungh of Svenska Handelsbanken and Bo Ramfors of Skandinaviska Enskilda Banken.

In the last twenty years the Financial Times has at such times held important conferences in and on the Nordic countries. This is probably the most important and is co-sponsored by Dagens Industri.

WORLD MOBILE COMMUNICATIONS IN THE 90s London 11 & 12 October, 1989

The explosive growth of the mobile telecommunications industry demonstrates the importance for users of having access to reliable communications on the move. This second FT conference will provide an opportunity for operators, equipment manufacturers, analysis and users to review the rapid changes taking place in the market and to assess the opportunities that are being opened up by the growth of alternative products and services. Contributors include: John Shelby Bryan of Millicon, Roland Mahler of the Deutsche Bundespost, Robert Weisshappel of Motorola, Andrew Glasgow, Marconi Communication Systems and John Cummings, Ferranti Creditphone.

RE-REGULATING EUROPE'S FINANCIAL SECTOR London 16 & 17 October, 1989

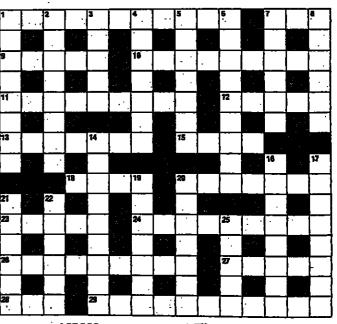
The Financial Times has in recent years arranged a series of successful conferences on financial regulation in co-operation with Deloitte Haskins & Sells. These have featured plenary sessions of considerable authority but have also included workshops that have provided a significant opportunity for delegates to discuss quite detailed questions. Re-Regulating Europe's Financial Sector represents the extension of this format to the European stage and an exceptional panel of speakers includes Sir Leon Brittan, QC, Vice President of the Commission and Mr Hulb Muller, the new Chairman of the Basle Committee. Deloittes have prepared a programme of workshops that will enable participants to assess the regulatory position in whichever European Community countries are of particular interest to them.

All enquiries should be addressed to: Financial Times Conference Organisation 126 Jermyn Street, London SW1Y 4UJ Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF-G Fax: 01-925 2125

JOTTER PAD

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ACROSS 1 Dissertation about rodent and diminutive marsupial, a jumper (11) 7 Hit back at credit arrange

ment (3)
9 Range where woman comes back to the point (5)
10 Left before the first act during "Fruit" (the musical) (5,4)

(5.4)

11 Harpy to call governor to book (9)

12 About the liquor – back it flows! (5)

13 By night it comes home by public transport, apprehending copper (7)

15 Carde in the gradle (4)

15 Cards in the cradle (4) 18 Encore without a preference 20 Declare when England come in and he'll level the score

23 Odour takes Italian to the capital (5)
24 Fishy German compiler

acquires gutted gland (9)
26 The Case of the Wagon's Crest (9) 27 Fired man for being supple

(5) 28 Pack animal (3) 29 State to join and sever, one intervening (11)

DOWN 1 Fruit worker in grassland (8) 2 Horseman to mount, wheel,

etc., and return to post (8) 3 Part contraltos can't man4 Whence the maid alternatively inclines (7)
5 Shrewd sound of horse retreating, having received

a note (7)
6 Unstable erection keeps many hidden (9)
7 Double, for instance, about

to produce spasm (5)

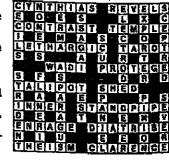
8 Next to admit king going mad and dim (6)

14 Jumble Costa supporter in olden days (4-1-4)
16 Does he love casting doubt?

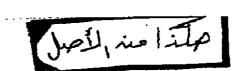
17 Permit about to expire on slope (8) 19 Boy about to meander into

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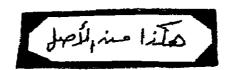


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WORLD STOCK MARKETS							
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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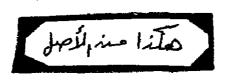
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3pm prices August 14



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3pm prices August 14

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Dow makes small gain in subdued trading

Wall Street

AFTER last week's extreme volatility, the equity market yesterday traded in a narrow range throughout the morning session, writes Janet Bush in

New York.
At 2 pm, the Dow Jones Industrial Average, a focus of the market because it is the only leading stocks index which has yet to reach its all time high, was quoted 7.97 points higher at 2.691.96. Activity was considerably more subdued than throughout last week where volume held near to 200m in each session. By midsession yesterday, only 81m shares had been traded.

The Standard & Poor's 500 index was quoted a little lower

Tokyo

A WEAKER yen and lower

ond prices kept many inves-

tors away from the Tokyo mar-

ket yesterday, and share prices closed down for the third ses-

sion in a row in very thin trad-ing, writes Yuriko Mita in Tokyo.

Street on Friday and the weak yen prompted the Nikkei aver-

age to open marginally lower.

Investors stepped up small-lot

selling in the morning, further depressing prices. However,

small-lot orders for a wide range of stocks helped the mar-ket recoup its losses early in

the afternoon, before it dipped

again at the end of the session. The Nikkei average closed

down 41.34 at 34,671.62. The high was 34,724.88 and the low

Losses led gains by 492 to 351 with 233 issues unchanged. Many investors were absent

because of the summer holi-

days, so volume was paltry at 411m shares, down from Fri-

day's estimated 500m. The Topix index of all-listed issues

fell 5.23 to 2,632.97 but, in Lon-

don trading, the ISE/Nikkel 50 index rose 0.54 to 2,105.86.

With the country in the midst of the week-long Bud-

dhist "obon" holidays, the mar-

ket was quiet with many Japa-

nese people returning to their family homes. In the past, share prices have tended to

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

West Germany (100)..... Hong Kong (48)..... Ireland (17).....

Austria (19)

Canada (124) Denmark (36)... Finland (26)... France (126)...

Italy (97)..... Japan (455)..... Malaysia (36).... Mexico (13).... Netherland (43).

New Zealand (20) Norway (24)..... Singapore (26).... South Africa (60).

Spain (43)..... Sweden (35)..... Switzerland (64)..

Europe (1003). Nordic (121)....

The World Index (2421)...

was 34,590.40.

The sharp decline on Wall

indices on the American Stock Exchange and the Nasdaq over-the-counter market.

The Dow Jones Industrial Average ran into extremely stiff resistance in the latter stages last week between 2,730 and 2,750 which, as technical analysts pointed out, includes the index's intra-day peaks of August, 1987. It was on August 25, 1987, that the Dow registered its all-time closing high of 2,722.42.

In spite of several runs at that record last week, the Dow closed above 2,700 only on one day. There seems to be no doubt in the minds of equity traders that the Dow will manage to close at a new record high soon with the only ques-tion one of timing.

this week, including much fresh economic data. Tomorrow, there are expectations of rises in July housing starts and in industrial production.
On Thursday, the merchandise trade deficit for June is due for release and is expected to show a slight narrowing. Consumer prices for July, due for release on Friday, are expected to show a 0.2 per cent gain. On top of all this informa-

tion, there is a lively debate going on about the monetary stance of the US Federal able hopes after Friday's news of a 0.4 per cent drop in producer prices in July that the Fed would ease again. It showed no signs of doing so, however, and Mr Richard Darman, the Administration's budget director, warned the Fed that its cautious approach to easing interest rates would be blamed if the economy were

tipped into recession.

This overt pressure from the Administration comes at a time when evidence is emerging that particular sectors of the economy are rebounding rather than decelerating. At the same time, there has

been evidence that inflationary

pressures have eased sharply since the first balf of this year, supporting hopes of a soft Blue chip issues were mixed yesterday. Two prominent cyclical stocks - Dow Chemi-cal and IBM - were up \$1% at \$99% and \$% higher at \$116 respectively. Philip Morris, a

consumer non-cyclical, fared less well, falling \$% to \$160%. Sea Containers added \$1 to \$63 in anticipation of a recapitalisation plan to be announced imminently which would include asset sales and a cash dividend of up to \$50 a

Canada

share.

INTEREST focused on takeover-related stocks in Toronto. where share prices fluctuated in cautious trading at midsession. The composite index rose 3.7 to 4.001.0.

Falconbridge, the subject of a hid from Amax, was active after news that long-time suitor Noranda had made a counter-bid with Trelleborg of Sweden. It rose C\$1 % to C\$38.

while concern about the impact of tax changes on cor-porate earnings next year has

porate earnings next year has kept investors cautious. Elsewhere, the mood was fairly buoyant, with particu-larly strong gains in Singapore, Malaysia and New Zealand. Singapore was driven up 3.2 per cent by better-than-expec-ted economic growth figures

ted economic growth figures for the second quarter and a higher estimate for the year as

a whole. A series of strong results from the banks and the

shipyards helped to underpin

the advance Malaysia took up the reins

on Friday, rising to its own post-crash peak as Singapore encountered a little profit-taking. The Kuala Lumpur market, too, was fuelled by healthy corporate profits news.

New Zealand built on the

previous week's 10 per cent surge with a rise of 3.1 per cent, although it took a pause

towards the end of the week.
The final showing by the

world's leading markets was

less dramatic in percentage terms. Although Japan man-

aged a 1.2 per cent rise and the UK 1.1 per cent, the US ended

Overseas retreat triggers cautious profit-taking EUROPEAN EQUITIES TURNOVER Monthly total in local currencies (bu)

A SPATE of solid gains last week and nervousness over Wall Street's about turn on Friday induced a mood of caution in Europe yesterday, writes Our Markets Staff. Paris and Brussels were closed.

FRANKFURT took a look at declines in leading overseas stock markets and decided that the only wise course was to take profits. The bourse lost 1.5 per cent by the close. A weak UK market and Wall Street's failure on Friday to break through to an all-time

for profits. After Frankfurt's strength in recent weeks, "the profit-taking had to come, really," said one analyst.

The DAX index lost 24.23, or 1.5 per cent, to 1.584.37 and the FAZ index fell 8.60 to 654.44. A holiday in Munich helped to restrict turnover, which declined to a moderate DM4bn from Friday's DM5.7bn.

Some retail stocks moved against the trend, with Asko

high sent investors scurrying for profits. After Frankfurt's

against the trend, with Asko up DM25 at DM920 and Massa rising DM2.50 to DM364.50. Massa denied speculation that it had sold its 20 per cent stake in Asko to Dutch retailer Ahold, but Asko confirmed that it was talking to Ahold about possible co-operation.

Recently strong car stocks and chemicals fell steeply. BMW dropped DM7 to DM606, Daimler eased DM12 to DM798.50 and VW fell DM6 to DM457.50. Hoechst, which was due to announce interim results after the close, lost

DM6.60 to DM303.10. Steel company Thyssen shed DM5 to DM234.50 in spite of news that Blohm und Voss, its shipyard subsidiary, had received a large order for frigates from various parties including the Australian navy. Shipping company Bremer Vul-kan, however, was buoyed by the current strength of orders in the sector and added DM2.50 to DM129.

AMSTERDAM traded quietly lower. Wall Street's gyrations on Friday, losses in London and Frankfurt yesterday, and the rather disappointing interim figures coming from Dutch companies depressed sentiment after last week's highs. The CBS tendency index ended 1.2 lower at 196.5 in mod-

60.0 Belgium France 132.0 Germany 24,564.0 23,090.0 14,080.0 13,925.6 17.8 Netherlands . 17.1 515.8 Spain : 311.8 Switzerland nied, Italian data adjusted to include off-mo trading. Some figures may be revised. Source: County Nat-West WoodMac

TURNOVER in Spain dropped by 40 per cent in July compared with June as the summer doldrums and uncertainty over the "Big Bang" reforms took their toll and share prices marked time. The fall to Pta311.8bn was the most pronounced among the continental bourses (excluding Scandinavia), but most markets were less active than in June, when turnover surged to its highest levels of the year. A rally in financial stocks last month helped volumes in Switzerland and Italy to rise against the trend, gaining 10 per cent and 6 per cent respectively.

cent increase in first half prof-\$50m. Dollar-sensitive stocks

its at KNP, the paper producer. This was slightly below expectations and one salesman said that "people are a bit worried about margin pressure on the paper side." The share price eased FILSO to FI56.

Ahold, the retailer, shed FI270 to FI137 after climbing

steeply last week on rumours of a share swap with Asko or Massa of West Germany. Yesterday, Asko said that it was discussing the possibility of a joint buying agreement with Ahold, while Massa denied it had sold its stake in Asko to the Dutch company.

MADRID closed little changed before news of a 1.6 per cent rise in July inflation, worse than the bad figure the market was expecting. The rise, fuelled by food prices and a government increase in petrol prices, pushes annual infla-

tion to 7.4 per cent from 7.1 per cent in June.
The bolsa is closed today, but negative reaction is expec-ted tomorrow. However, with sonal factors the main reason for the sharp rise, there is a chance that inflation will now start to come down a little, one analyst suggested. Volume yesterday was esti-

mated at a very low \$45m to

picked up on the currency's firmness, however, with Tele-fonica adding 1.75 percentage points to 202.75 per cent of par. MILAN declined as local investors squared positions before today's holiday.

Add IR

Cir, the De Benedetti holding company, shed L205, or 3.3 per cent, to L6,000 before this week's capital increase.

ZURICH fell in quiet profit-taking, with the Crédit Suisse trains down 2.3 at 688.9 index down 2.3 at 668.9. A trend to higher interest

rates and a fall in the Swiss franc added to the market's STOCKHOLM rose slightly

in sluggish trade, with the Affärsvärlden General index up 1.5 at 1,850.9. Ericsson attracted attention on predictions of growth in the telecommunications sector. Its fine B shares were up SKr6 to SKr556. Trading in Trelleborg, the conglomerate, was suspended before news that it was joining Noranda in a counter-bid for Falconbridge, the Canadian mining company.

HELSINKI dipped in quiet trade. Wärtsilä series II free shares were FM30 higher at FM348 after their surge on Friday on news the company was trimming its stake in ailing Wärtsilä Marine.

想到这种

Jefferson Smurfit helps Ireland steal show

_	% change in local currency †				% change in sterling
	7 Week	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	+ 2.63	+ 11.50	+62.71	+ 54.69	+62.42
Belgium	+0.03	+3.14	+21.74	+7.39	+ 12.73
Denmark	- 5.93	- 5.09	+65.24	+26.01	+31.07
Finland	— 1.97	- 2.07	+5.41	+8.79	+ 19.35
France	+0.85	+ 3.81	+46.06	+20.28	+26.92
West Germany	+ 1.57	+ 5.69	+ 35.25	+20.91	+ 26.26
Ireland	+6.23	+ 15.00	+ 29.39	+34.78	+40,49
Italy	+0.92	+ 2.33	+29.68	+ 16.39	+ 24.32
Netherlands	+ 1.20	+4.59	+27.65	+23.98	+29.66
Norway	+ 2.32	- 6.43	+54.09	+36.36	+44.37
Spain	+ 1.55	+ 3.99	+4.07	+ 11.82	+ 19.08
Sweden	+ 2.06	+6.19	+65.37	+ 37.25	+ 46.00
Switzerland	+2.84	+10.25	+26.13	+ 30.74	+34.05
UK	+ 1.10	+ 3.24	+ 25.78	+29.64	+ 29.64
EUROPE	+1.17	+4.05	+29.48	÷ 24.67	+ 28.06
Australia	+ 1.32	+ 8.67	+ 5.54	+ 15.01	+ 16.77
Нолд Kong	+ 1.29	+ 5.59	+ 3.23	- 2.25	+ 11.59
Japan	+ 1.22	+5.66	+22.01	+11.17	+11.73
Malaysia	+ 3.17	+ 1.81	+30.82	+ 32.97	+ 53.75
New Zealand	+3.10	+ 15.94	+ 11.98	+24.32	+33.63
Singapore	+3.15	+ 1.02	+ 25.34	+36.83	+ 55.35
Canada	+0.50	+ 3.62	+22.74	+ 19.41	+38.39
USA	+ 0.26	+ 3.65	+31.05	+ 24.03	+41.52
Mexico	+ 0.41	+ 1.33	+ 102.62	+83.59	+89.02
South Africa	- 1.15	+ 3.91	+ 55.36	+40.15	+ 49.76
WORLD INDEX	+ 0.87	+4.62	+ 26,25	+18.10	+ 24.71

By Alison Maitland

HILE most eyes last week were fixed on whether the Dow Jones Industrial Average would make it to a new all-time high, some of the world's smaller markets were producing dramatic performances of their own.

Chief among these was Ireland, which jumped 6.2 per cent thanks largely to the innovative corporate plans nnounced by Jefferson Smurfit, the country's biggest industrial group, but also to continued strong fundamentals. The market has climbed 15 per cent in the past four weeks, a per-formance second only to New Zealand's 15.9 per cent among the countries in the FT-Actuaries World Indices

The Smurfit deal, under which it intends to combine its US businesses into a joint venture with Morgan Stanley, sent the company's share price soaring from 470 Irish pence (\$6.44) at the beginning of August to 660p yesterday morning. The company has a

third most active, eased Y6 to

In spite of the general lack of

interest in domestic demand stocks, Tokyo Steel, second

most active with a volume of 15.03m shares, rose for the fourth successive trading day. The issue hit another all-time high of Y5,200, before closing

at Y5,170, Y120 higher. Analysts said that foreign inves-

tors took over from Japanese individuals and institutions as

In Osaka, the OSE average

fell 152.97 to 34,674,64. Volume at 59.8m, was lower than Fri-

A COUPLE of post-crash highs marked a good day for leading Asia Pacific markets, although

Taiwan retreated.
AUSTRALIA rose again to a

post-crash high, boosted by demand for blue chip stocks from domestic and foreign

investors and futures-related

buying.
The All Ordinaries index gained 20.6 to 1.715.5 in moder-

ately active turnover of 132m shares worth A\$320.5m.

Among surging blue chips was CRA, up 35 cents at A\$10.80, BHP, which gained 29

cents to an all-time high of

A\$10.25 in active trade, and News Corp, which rose 20 cents

Elders IXL, which turned down a A\$3-a-share bid from

day's 69.9m shares.

Roundup

Nikkei falls amid small-lot dealing

because of the thin volume,

which makes it easier for

small-scale buying to move the market. In eight of the last 10 years, the Nikkei average has

attributed to investors waiting for Japan's July wholesale

prices report, scheduled to be

released today, and a US July

housing starts report due

issues, such as Hitachi and

Fuji Film, continued to be pop-ular, with investors predicting

that large capital blue chips

will gain ground in rotational buying. Foreign investors have

also been eyeing these stocks

because of their good performance of late. Hitachi, the

most active issue with a vol-ume of 30.27m shares, closed

pushed the issue to Y4,690,

down Y40. The stock drew interest after brisk sales of its

new photographic films and disposable cameras. Some investors are said to be specu-

lating that the company, which

has a very low dividend rate, will make a free scrip issue.

Investors have lost faith in domestic demand-related

stocks, such as Nippon Steel,

because the expected move to lower interest rates has not materialised. Nippon Steel,

FRIDAY AUGUST 11 1989

138.28 127.71 124.81 142.39 183.03 128.02 119.66

151.73 86.74 175.04 180.83 250.70 119.44 74.03 164.38 159.28 143.41 144.81

120.38 157.36 170.93 150.80

142.62

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Amendments to indices for August 11 applied to Japan.related regional indices and The World Index.

129.48 137.70 133.63 129.56 200.33 124.38 131.48 98.08 109.65 166.34 96.64 167.90 1743.08 127.38 70.84 168.81 153.34 157.68 142.43 179.96 95.09 143.77 140.38

125.33 160.08 164.23 148.60 139.71 113.94 118.35 148.07 145.60 145.47

+0.0 -2.2 -0.9 -1.7 -1.8 -2.6 +0.1 -2.4 +0.1 -1.4 -0.6 -0.6 -0.6 -2.1 -2.0 -2.1 -0.9

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Fuji Photo Film posted a year's high of Y4,820 in morning trading before profit-taking

up Y10 at Y1.710.

High-priced technology

The lack of activity was also

risen at this time.

weighting of nearly 17 per cent in the FT-Actuaries Irish index, which explains the effect on the broader market, now up by 34.8 per cent since the beginning of the year. At the other end of the Euro-

pean scale, the Danish market plummeted 5.9 per cent last week after strong gains during June and July. This was partly due to profit-taking by foreign investors, but also because of political wrangling over tax reform, said Mr David Long-muir of Kleinwort Benson. The opposition Social Demo-crats said they would agree to tax cuts proposed by the

minority right-wing Government only if a capital gains tax were imposed on equity and bond trading profits. "That rather frightened the market," said Mr Longmuir – especially as an opinion poll showed that support for the Government was very low and the opposiwas very low and the opposition's popularity was growing. The only other European market to end the week in neg-ative territory was Finland, which fell nearly 2 per cent. It

has been depressed by a

have mopped up liquidity,

Harlin Holdings, was unchanged at A\$2.99.

higher by the banking sector, on expectations that the Hang

Seng and Hongkong Banks would post satisfactory interim

The Hang Seng index picked up 27 points to 2,640.39 in turn-

over of HK\$1.07bn compared

Hang Seng Bank rose 30 cents to HK\$20.90 and Hong-kong Bank gained 15 cents to HK\$5.60.

SINGAPORE finished mixed after profit-taking eroded early gains. The Straits Times Indus-

trial index edged upwards to a post-crash high of 1,379.96, a

Turnover was active at 169m shares, up from Friday's 107m.

announced a plan for a two

for-one bonus issue, gained \$\$1.10 to \$\$6.60. DBS Bank,

reporting interim profits up by more than 30 per cent, rose 30 cents to S\$11.40.

TAIWAN was pulled lower by financial, cement and tex-tile issues. The weighted index fell 115.77 to 9,360.31 – above

its low for the day of 9,299.65. Turnover picked up, with 99.5bn shares traded, compared

with Saturday's 77bn.
The market was unnerved by

Premier Lee Huan's repeated remark that the Government would clamp down on invest-

ment firms soliciting funds ille

148.04 86.13 111.42 119.49 121.84 126.21 89.88

74.19 105.94 130.25 71.52 163.87 149.32 146.60 102.98 117.27 130.20 111.50 146.57

104.38 109.71 160.96 138.34 107.77 87.13 125.99 137.43 125.07 125.78 107.39

128.28 92.84 125.58 124.87 165.35 125.81 112.57 79.56 86.41 125.00 74.97 143.35 153.32 82.64 139.92 143.45 133.45 133.43 133.23 112.13

160.44 141.56 112.79 96.30 111.93 141.49 136.98 136.67 114.51

128.53 137.15 133.70 130.40 198.69 124.49 130.73 98.26 109.45 166.51 98.61 187.92 196.93 743.31 126.03 70.94 168.56 152.96 139.38 141.77 180.20 94.65 143.46 141.72

125.01 159.71 164.21 148.46 141.02 113.62 117.78 147.99 146.07

119.96 156.30 169.76 149.93 129.69 105.09 118.55 149.55 141.07 141.27 125.82

186.29 164.54 142.33 115.32 130.10 164.12 154.81

155.03

214

gally from investors.

Sungei Besi Mines, which

results this month.

gain of 2.56 points.

HONG KONG was propelled

only 0.3 per cent higher. SOUTH AFRICA

GENERALLY dull trading left prices in Johannesburg easier. Gold shares drifted lower as the bullion price remained depressed by a firm dollar. Platinums fell in sympathy.

est turnover.

This announcement appears as a matter of record only.

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